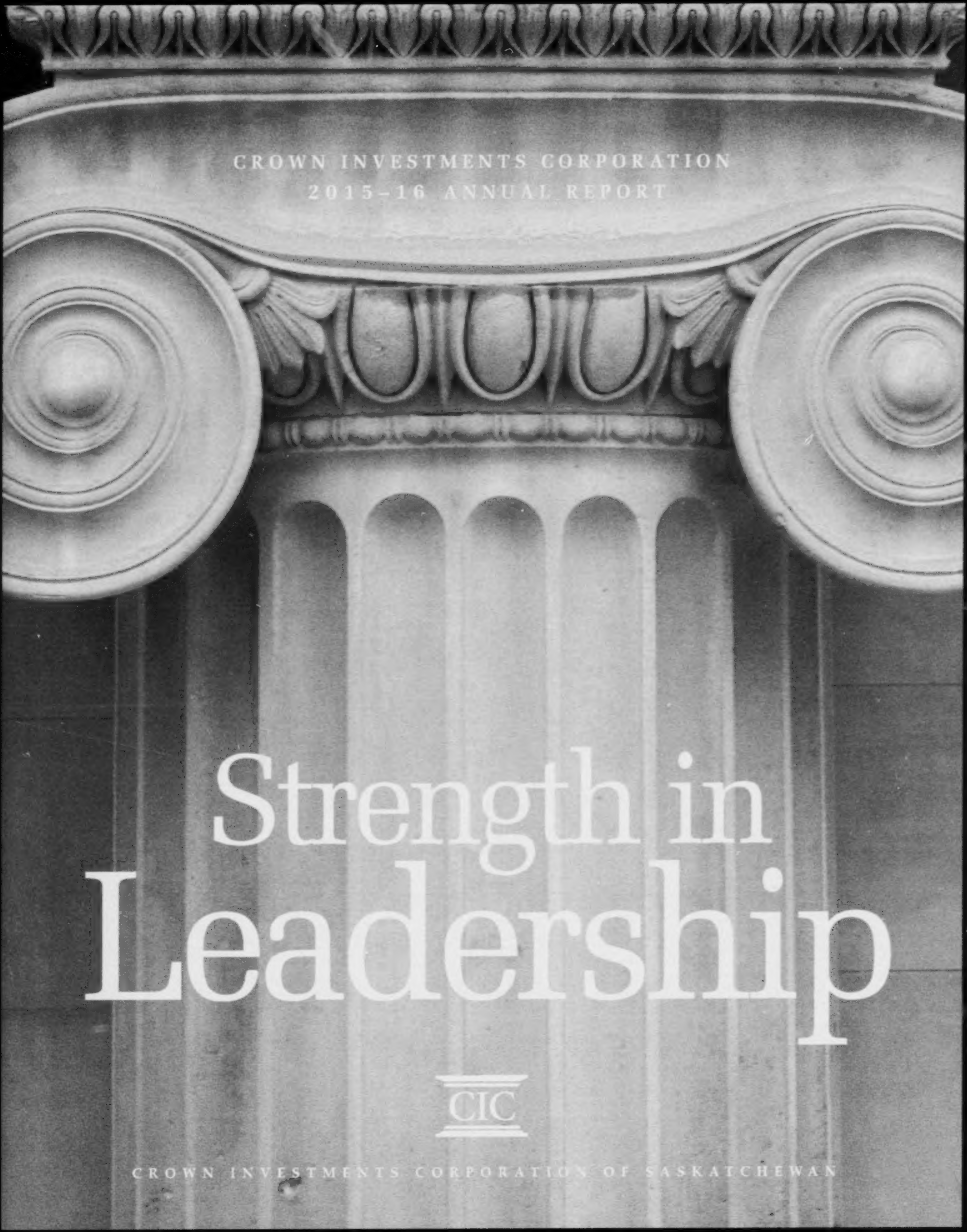


CROWN INVESTMENTS CORPORATION

2015–16 ANNUAL REPORT

Strength in Leadership

CIC

CROWN INVESTMENTS CORPORATION OF SASKATCHEWAN

1 LETTER OF TRANSMITTAL

2 MESSAGE FROM THE MINISTER AND PRESIDENT

4 CROWN SECTOR ALIGNMENT

7 CORPORATE INFORMATION

31 ORGANIZATIONAL OVERVIEW

43 CIC CONSOLIDATED

145 CIC SEPARATE

170 GLOSSARY OF TERMS

172 DIRECTORY

CIC creates and oversees strategic direction designed to strengthen governance, performance and accountability of Crown corporations. We promote efficiency, collaboration, and strong financial and business management practices. It's this strong leadership that ensures Saskatchewan's Crown corporations remain competitive and help build and maintain a strong Saskatchewan.

Letter of Transmittal

Government
of
Saskatchewan

Regina, Saskatchewan
July 21, 2016

To Her Honour
The Honourable Vaughn Solomon Schofield, S.O.M., S.V.M.
Lieutenant Governor of Saskatchewan

Madam:

I have the honour to submit herewith the thirty-eighth Annual Report of the Crown Investments Corporation of Saskatchewan for the fifteen months ended March 31, 2016, in accordance with *The Crown Corporations Act, 1993*. The Consolidated and Separate Financial Statements included in this Annual Report are in the form approved by the Treasury Board and have been reported on by our auditors.

Respectfully submitted,

Don McMorris
Minister of Crown Investments

Minister's Message

Saskatchewan's population has continued to grow despite a temporary slow-down to the economy related to low resource prices. In order to keep up with this growth, in 2015-16, Saskatchewan's Crown corporations have continued to make significant investments in infrastructure, while ensuring efficient operation and excellent customer service

The Crowns are mandated to support the Saskatchewan Plan for Growth. To ensure alignment, the CIC Board sets Crown Sector Strategic Priorities, which serve as an overlay to individual Crowns' strategic business plans. The Crowns are expected to operate with a strong focus on excellent customer service, as well as meeting other public policy goals.

These goals range from supporting economic growth by ensuring businesses have reliable utility infrastructure, to ensuring there is wireless phone coverage to 99 per cent of the population.

In 2015-16, SaskTel continued to build on the success of its Fibre to the Premises program. SaskTel passed 38,986 homes with its ***infiNET***™ Fibre Optic Network in Regina, Saskatoon, Moose Jaw, Prince Albert and Swift Current, keeping it on schedule for its target of passing 100 per cent of homes in the nine major centres by 2022.

In 2015, SaskPower completed the expansion of the Queen Elizabeth Power Station near Saskatoon. This $525 million expansion adds 204 megawatts of capacity, which is enough to power more than 200,000 homes. This expansion was crucial as the number of customers requiring power in this province has grown to over 520,000.

In 2015, SaskEnergy added more than 5,000 new customers, bringing its total customer base to over 385,000. This growth has resulted in a significant amount of capital asset activity within SaskEnergy, not only to connect the customers, but also to reinforce the transmission and distribution pipeline system capacity to serve this growing customer demand.

Like most businesses, costs are going up for Crown corporations and rate increases will periodically be required. While these increases are essential to support reinvestments in infrastructure and to provide a fair return on the public's investment, we remain committed to keeping rate increases as low as possible. In fact, Saskatchewan continues to enjoy one of the lowest cost utility bundles in the country.

In 2015-16, Crown Investments Corporation provided a $297.2 million dividend to the Government of Saskatchewan's General Revenue Fund. This dividend helped to ensure continued investments in key areas such as healthcare, education and infrastructure.

Looking forward to 2016-17, the focus of the Crowns will be to continue to deliver excellent customer service, invest in infrastructure, and focus on cost management and financial sustainability.

In closing, I would like to thank the employees of Saskatchewan's Crown corporations. It is their hard work and dedication that ensures Saskatchewan people can continue to enjoy some of the best programs and services in the country.

Don McMorris
Minister of Crown Investments

President's Message

In 2015-16, our Crown corporations met their mandate to provide widely accessible utility and other services in a safe and reliable manner, while supporting the Saskatchewan Plan for Growth and the government's Crown sector priorities.

During the year, the government decided to change the fiscal year for CIC's Crown corporations to end on March 31. This change will better align the Crown corporations' planning, budgeting and reporting with Executive Government's cycle. As a result of the transition, this report is for the fifteen months ended March 31, 2016. Future reports will be for twelve months, consistent with other government entities.

Crown sector profits for 2015-16 were strong at $342.0 million. Profitability was strong at SGI CANADA, primarily due to solid investment portfolio returns.

The continued decline in natural gas market prices led to reduced profits at SaskPower and SaskEnergy in the form of a $102.0 million non-cash downward revaluation of natural gas inventories and contracts.

SaskTel continued to perform well, despite significant competitive pressures and the need for capital investment in technology.

The Crowns' businesses are capital intensive. The $1.8 billion in capital spending in 2015-16 represented a continuation of the significant level of capital investment to meet the demands of the Saskatchewan economy. In order to keep capital spending sustainable, Crown corporations need to ensure a reasonable level of profit is earned and reinvested back into the businesses.

The Crown corporations use the balanced scorecard to manage their businesses. Measurable performance targets are set in key areas that drive corporate success and progress toward these achievements are monitored and reported. Where performance needs to improve, changes are made. Overall, the Crowns successfully achieved targets in a large majority of indicators.

We also use executive compensation to incent strong corporate performance. Executive compensation is linked to the achievement of balanced scorecard targets. This includes evaluating executives on their effectiveness in implementing corporate efficiency programs to manage costs.

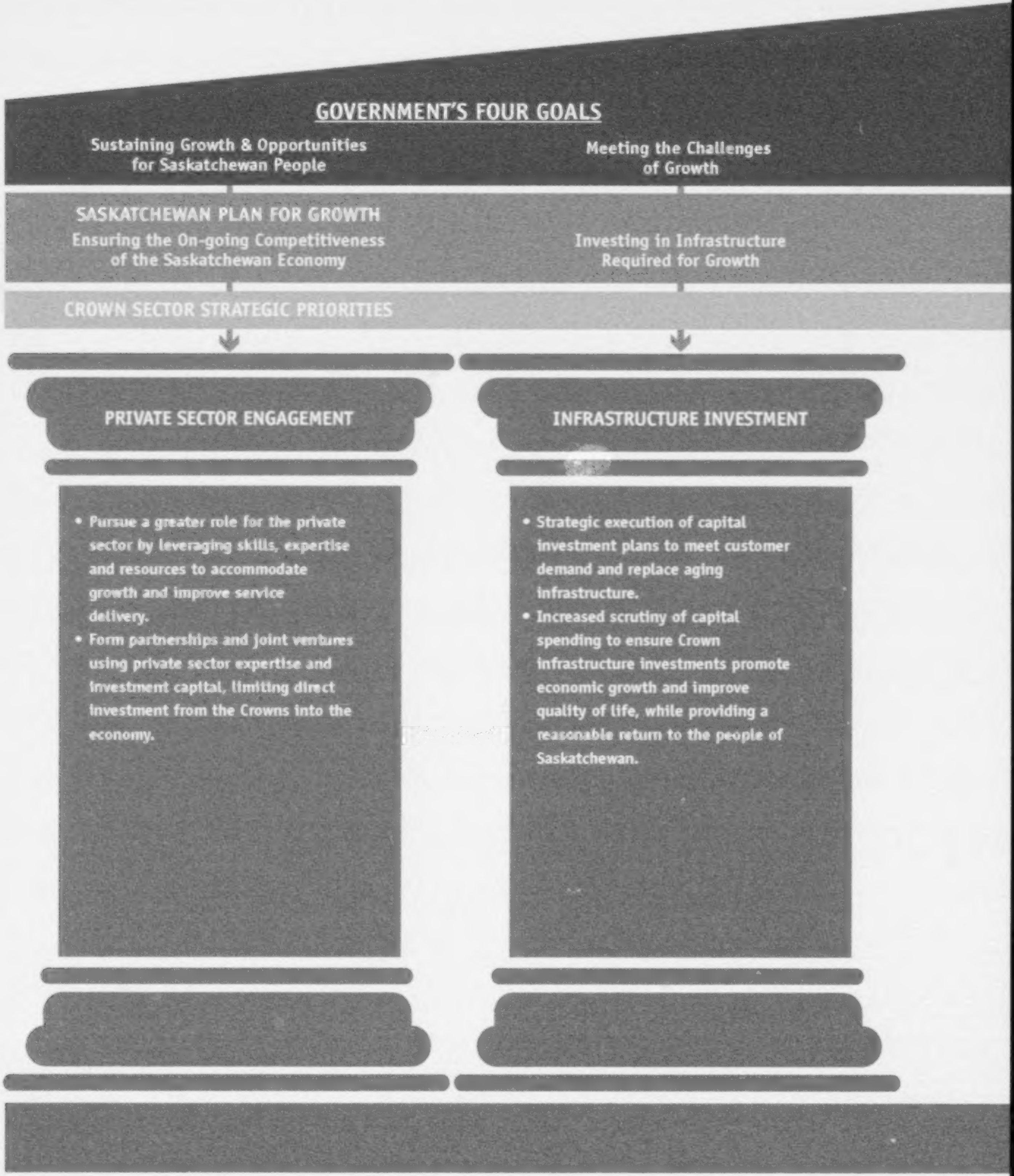
To ensure strong governance and public accountability are maintained, we periodically engage the Conference Board of Canada to compare our practices in these areas to similar corporations in the private sector. The Crowns consistently score well in both areas.

Like all organizations, the Crown corporations face challenges and risks. Each corporation has an enterprise risk management program in place to identify, assess, and monitor risks. A discussion of risk management is included in each Crown corporation's annual report.

We are proud of the strength of leadership provided by our Crown corporation teams to achieve the many successes recorded in this 2015-16 Annual Report.

Blair Swystun, CFA
President & CEO

Crown Sector Alignment



GOVERNMENT'S FOUR GOALS

Sustaining Growth & Opportunities for Saskatchewan People

Meeting the Challenges of Growth

SASKATCHEWAN PLAN FOR GROWTH

Ensuring the On-going Competitiveness of the Saskatchewan Economy

Investing in Infrastructure Required for Growth

CROWN SECTOR STRATEGIC PRIORITIES

PRIVATE SECTOR ENGAGEMENT

- Pursue a greater role for the private sector by leveraging skills, expertise and resources to accommodate growth and improve service delivery.
- Form partnerships and joint ventures using private sector expertise and investment capital, limiting direct investment from the Crowns into the economy.

INFRASTRUCTURE INVESTMENT

- Strategic execution of capital investment plans to meet customer demand and replace aging infrastructure.
- Increased scrutiny of capital spending to ensure Crown infrastructure investments promote economic growth and improve quality of life, while providing a reasonable return to the people of Saskatchewan.

Crown Sector Alignment

GOVERNMENT'S FOUR GOALS

Securing a Better Quality of Life for all Saskatchewan People

Delivering Responsive and Responsible Government

Education, Training and Developing a Skilled Workforce

Ensuring Fiscal Responsibility through a Balanced Budget, Lower Debt, and Smaller More Efficient Government

SKILLED LABOUR SHORTAGE

- Build an effective workforce through educational partnerships or innovative strategies that attract, retain and develop skilled workers, giving Saskatchewan Crowns a competitive edge.
- Through progressive and fair recruitment practices, create an effective workforce, providing equal opportunity to qualified people, recognizing First Nations, Métis and youth represent a large portion of the future labour force in Saskatchewan.

FINANCIAL SUSTAINABILITY AND CUSTOMER SERVICE

FINANCIAL SUSTAINABILITY

- Maintain strong financial health consistent with industry standards, and respond to competitive industry pressures to ensure a financial return to the Province.
- Collaborate with the Crown corporations and partners to optimize efficiency and resources, and focus Crown operations and investments in Saskatchewan.

CUSTOMER SERVICE

- Continue to provide reliable, high quality products and services to support Saskatchewan's economy.
- Identify and implement ways to deliver services more efficiently to keep service levels high and rates as low as possible.

Corporate Information

CORPORATE OVERVIEW 7
Holdings 7
Corporate Mandate 8
Vision, Mission & Values 8
Financial & Public Accountability 9

OPERATING CONTEXT 10
Shareholder Direction & Performance Management 10
Promoting Best Practices in Crown Sector Governance 12
Promoting Best Practices in Crown Sector Disclosure 14
Policy and Programming on Behalf of the Shareholder 15
Achieving a Balanced Approach to Shareholder Return 17
Managing Capital Resources 18
Enhancing Accountability 20
Corporate Social Responsibility 20

CORPORATE PERFORMANCE 22
2015–16 Balanced Scorecard & Performance Discussion 22
Stakeholder Feedback Process 29

Corporate Overview

CIC is the financially self-sufficient holding company for eight subsidiary commercial Crown corporations and five wholly-owned subsidiaries. In its oversight role of the Crown sector, CIC is responsible for the development and oversight of broad policy initiatives, directing investment and providing dividends to the Provincial Government's General Revenue Fund (GRF).

CIC oversees and manages a comprehensive framework designed to strengthen governance, performance and accountability of subsidiary Crowns. CIC also assists subsidiary Crown Boards through discharging their responsibility of overseeing and directing the management of the Crowns.

CIC is committed to implementing governance, enterprise risk and opportunities management, and reporting and disclosure practices consistent with those of publicly-traded companies, where such practices can reasonably be applied to the public sector. Specifically, CIC provides oversight on behalf of the Shareholder by:

- providing strategic Shareholder direction and managing Crown sector performance;
- promoting best practices in Crown sector governance and disclosure; and
- developing broad policy initiatives and administering select Government programs.

HOLDINGS

CIC is mandated to exercise supervisory powers over its subsidiary Crown corporations in addition to operating as a Crown corporation itself. As of March 31, 2016, the subsidiary Crown corporations and wholly-owned subsidiaries included:

UTILITIES	INVESTMENT & ECONOMIC GROWTH	INSURANCE	TRANSPORTATION	ENTERTAINMENT	OTHER
Saskatchewan Power Corporation (SaskPower)	Saskatchewan Opportunities Corporation (SOCO)	Saskatchewan Government Insurance (SGI)[1]	Saskatchewan Transportation Company (STC)	Saskatchewan Gaming Corporation (SGC)	Gradworks Inc. (Gradworks)
Saskatchewan Telecommunications (SaskTel)	CIC Asset Management Inc. (CIC AMI)				First Nations & Métis Fund Inc. (FNMF)
SaskEnergy Inc. (SaskEnergy)	Saskatchewan Immigrant Investor Fund Inc. (SIIF)				CIC Economic Holdco Ltd. (Saskatchewan Entrepreneurial Fund Joint Venture)
Saskatchewan Water Corporation (SaskWater)					

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[1] SGI administers the Saskatchewan Auto Fund, which is not a subsidiary Crown corporation, however summarized operating results are provided in CIC's Consolidated Management Discussion & Analysis.

Corporate Overview

CORPORATE MANDATE

CIC's governing legislation and its mandate are defined by *The Crown Corporations Act, 1993.*

a) CIC is the holding company for all subsidiary Crown corporations, exercising supervisory powers granted in the interest of all Saskatchewan residents; and
b) CIC is the agency responsible for making and administering investments on behalf of the Government of Saskatchewan.

VISION, MISSION & VALUES

In 2015-16, the CIC team continued to focus on the Shareholder's vision of "Keeping Saskatchewan Strong" and our mission was to lead and contribute to this success.

VISION

To develop a more efficient, responsive and financially sustainable Crown sector that addresses the challenges of a growing Saskatchewan.

MISSION

As the holding company, we provide leadership and support that enables our Crown corporations to contribute to Saskatchewan's economic success and improved quality of life.

VALUES

Integrity
We are trustworthy, respectful of others and hold each other accountable. We honour our commitments and conduct our business in the most ethical manner.

Excellence
We continuously challenge ourselves to improve and innovate, striving to achieve our highest potential in all areas of our business. Our stakeholders should expect only the highest business standards.

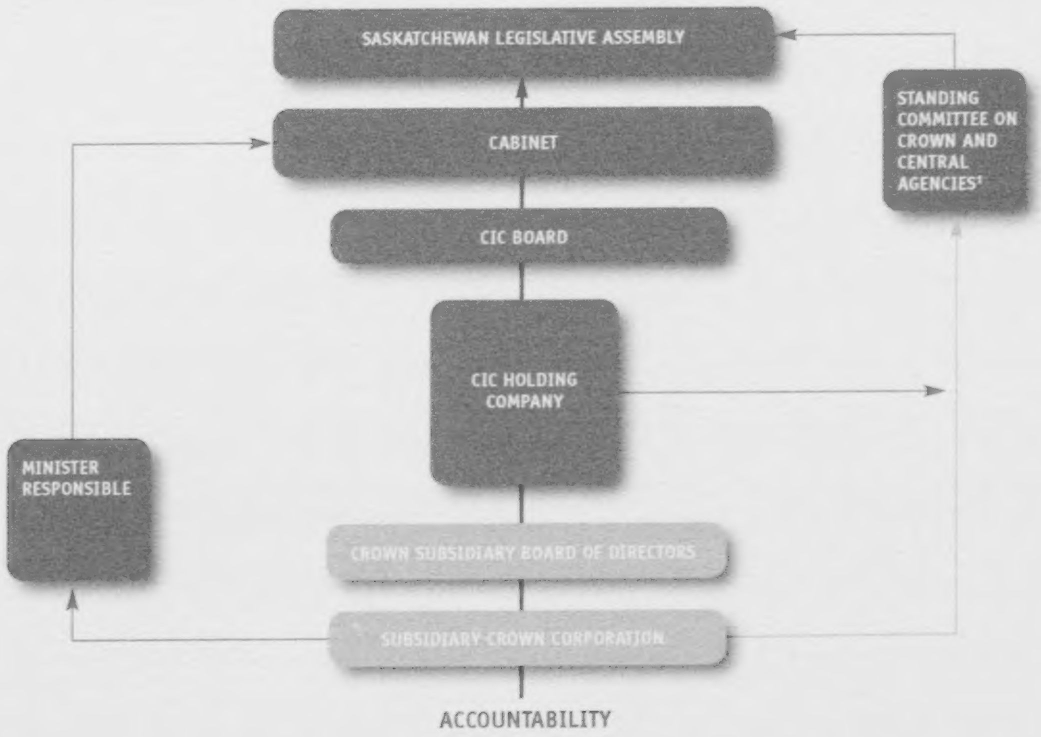
Leadership
We provide guidance and inspiration for the Crown sector to effectively and efficiently fulfill its mandate. We develop leaders at all levels and value the commitment and contributions of our employees and partners.

Teamwork
We work as a team and collaborate with the Government, our Board, Crown corporations and partners. We all play a vital role in achieving our common objectives.

FINANCIAL & PUBLIC ACCOUNTABILITY

The following chart depicts the accountability structure of Saskatchewan Crown corporations to both the Government and to the all-party committee of the Legislative Assembly, the Standing Committee on Crown and Central Agencies. It also outlines the reporting structure for decision items and performance management and defines the oversight responsibilities of:

- the Government (as the Shareholder and mandating body for the Crown corporations);
- the CIC Board (as the representative of the Shareholder to ensure mandates and activities are consistent with the interest and intent of Government); and
- each Crown corporation's Board of Directors (as the stewardship body with fiduciary duty to the Crown's operations).


SASKATCHEWAN LEGISLATIVE ASSEMBLY
CABINET
STANDING COMMITTEE ON CROWN AND CENTRAL AGENCIES[1]
CIC BOARD
CIC HOLDING COMPANY
MINISTER RESPONSIBLE
CROWN SUBSIDIARY BOARD OF DIRECTORS
SUBSIDIARY CROWN CORPORATION
ACCOUNTABILITY

---

[1] The Standing Committee on Crown and Central Agencies considers matters relating to CIC and its subsidiaries. Reports of the Provincial Auditor, as they relate to CIC and its subsidiaries, are permanently referred to the Standing Committee on Crown and Central Agencies.

Operating Context

SHAREHOLDER DIRECTION & PERFORMANCE MANAGEMENT

CIC communicates Shareholder direction to its subsidiary Crown corporations and monitors their performance against targets and measures approved by the CIC Board. The Strategic and Performance Management Framework demonstrates how strategic direction is relayed and performance is managed in the Crown sector.

STRATEGIC SHAREHOLDER DIRECTION

The first stage in the process is the development of the Crown Sector Strategic Priorities, led by CIC and reviewed and validated by the CIC Board. The Crown Sector Strategic Priorities articulate Shareholder expectations and provide medium to long-term direction to the Crown sector. CIC ensures that the Crowns are working towards achieving the Crown Sector Strategic Priorities identified on page 4 and 5.

SUBSIDIARY CROWN CORPORATION PLANS

The second stage is the development of the subsidiary Crowns' corporate strategic plans, demonstrating alignment to the Shareholder direction contained within the Crown Sector Strategic Priorities. Each subsidiary Crown then prepares a comprehensive performance management plan that includes a balanced scorecard with measures and targets that link to the broad strategic directions established in the Crown Sector Strategic Priorities and its corporate strategic plan. Performance management plans are prepared by Crown management and reviewed by subsidiary Crown Boards.

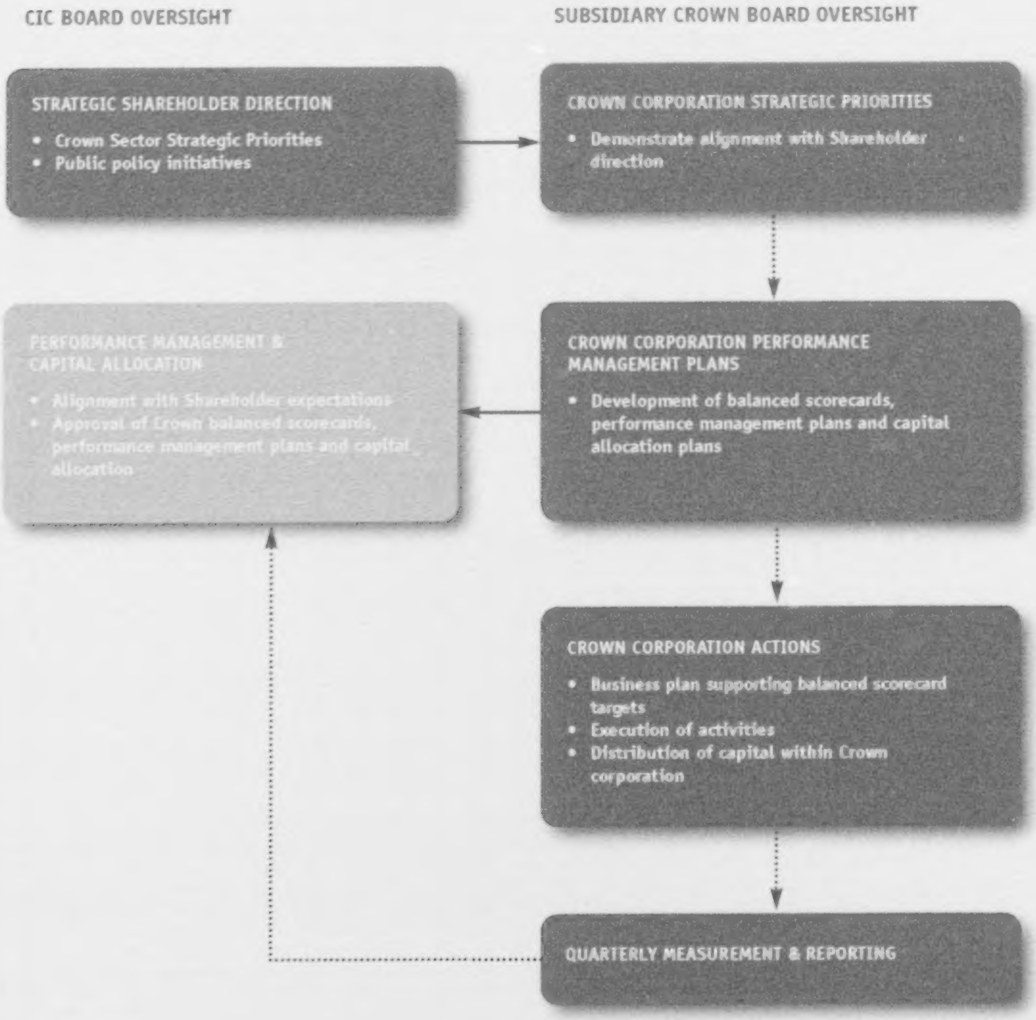
PERFORMANCE MANAGEMENT APPROVAL & REPORTING

The third stage is approval of subsidiary Crowns' performance management plans by the CIC Board. Every year, the CIC Board evaluates each Crown's performance management plan for the upcoming year. The CIC Board may provide further direction to a Crown prior to approving the final plan.

Throughout the year, CIC monitors progress toward achieving each Crown's goals, with quarterly reviews and reports submitted to the CIC Board. In addition to approving the performance objectives, the CIC Board determines the capital allocation among Crown corporations for reinvestment, debt management and dividends.

SaskEnergy pioneered the development of underground salt caverns for natural gas storage back in 1964 – a process now used across the world.

CIC'S STRATEGIC & PERFORMANCE MANAGEMENT FRAMEWORK



CIC BOARD OVERSIGHT

SUBSIDIARY CROWN BOARD OVERSIGHT

STRATEGIC SHAREHOLDER DIRECTION

- Crown Sector Strategic Priorities
- Public policy initiatives

CROWN CORPORATION STRATEGIC PRIORITIES

- Demonstrate alignment with Shareholder direction

CROWN CORPORATION PERFORMANCE MANAGEMENT PLANS

- Development of balanced scorecards, performance management plans and capital allocation plans

PERFORMANCE MANAGEMENT & CAPITAL ALLOCATION

- Alignment with Shareholder expectations
- Approval of Crown balanced scorecards, performance management plans and capital allocation

CROWN CORPORATION ACTIONS

- Business plan supporting balanced scorecard targets
- Execution of activities
- Distribution of capital within Crown corporation

QUARTERLY MEASUREMENT & REPORTING

PROMOTING BEST PRACTICES IN CROWN SECTOR GOVERNANCE

CIC assists its subsidiary Crown corporation Boards of Directors in adapting and implementing leading corporate governance practices and standards as applicable to a public enterprise. Related to this, CIC:

- delivers centralized corporate secretary and governance advisory services to the Crown Boards;
- supports Boards in identifying director skill sets required to function effectively and assess and improve performance; and
- sponsors a Chartered Director certification program to enhance overall board skills.

COMMUNICATION OF SHAREHOLDER EXPECTATIONS

Open, timely and reliable communication between the Shareholder and each Crown Board is essential to a successful governance framework. CIC and its subsidiary Crown corporations have initiated several effective communication channels, including:

- regular meetings between the Chairs of the Crown Boards and senior CIC officials to discuss Shareholder priorities and share information regarding matters of mutual interest;
- meetings with the Chairs of Committees of the Crown Boards, as required, to discuss initiatives and emerging trends that will impact the Committee's area of responsibility;
- regular reports from the Crown Board Chairs to the CIC Board highlighting items of significance considered at the Board level, major Crown initiatives and significant corporate risks; and
- meetings of the CIC President & CEO with the Presidents of subsidiary Crown corporations.

ENTERPRISE RISK AND OPPORTUNITIES MANAGEMENT

CIC and all of its subsidiary Crown corporations follow the Enterprise Risk and Opportunities Management (EROM) Minimum Standards Policy. EROM involves:

- identifying risks and opportunities;
- analyzing and quantifying risk impact;
- assessing and prioritizing risks;
- establishing strategies for controlling risk and/or capitalizing on opportunities; and
- monitoring and reporting.

The EROM process focuses attention on the risks that are most important to the achievement of Crown sector objectives. It also identifies opportunities and innovations leading to redundancy eliminations, internal control framework and operational process efficiency improvements, and the effective use of limited human and financial resources.

In compliance with the sector-wide minimum standards policy, the management and Board of Directors of each subsidiary Crown corporation, together with CIC, are independently responsible for EROM processes specific to their operations.

Risk appetite is determined independently by Crown management and approved by the Board of each Crown corporation. In assessing risk tolerance, consideration is mainly given to mandate, financial, legal/regulatory, reputational and operational impacts and likelihoods. An attempt is made to address overall risk tolerance limits by establishing a risk assessment rating above which specific actions are required to be taken, thereby ensuring that the highest-ranked risks are sufficiently managed.

Each subsidiary Crown corporation demonstrates alignment of EROM results to strategic business planning through the annual performance management process. Performance plans are approved by both the subsidiary Crown corporation Board and the CIC Board. Progress against plan is reviewed and approved by the subsidiary Crown corporation Board and the CIC Board through quarterly balanced scorecard reporting.

For a discussion of EROM results specific to CIC, see pages 151 to 152 in the Separate Management Discussion & Analysis (MD&A) section of this report.

A detailed discussion of EROM results specific to each subsidiary Crown corporation is included in the respective subsidiary Annual Report that is released to the public. Summarized results are included in the subsidiary profiles on pages 60 to 79 in the Consolidated MD&A section of this report.

MANAGEMENT CERTIFICATION OF FINANCIAL STATEMENTS

CIC and its subsidiary Crown corporations complete the CEO/CFO certification of financial statements. Crown sector CEO/CFO certification is similar to the certification policies implemented by the Canadian Securities Administrators on publicly listed companies.

CIC and its subsidiaries are one of the first Government organizations to implement a certification policy. CIC is continuing to ensure that the Crown sector follows best practice for publicly accountable companies.

ACCOUNTABILITY & TRANSPARENCY

CIC has developed a comprehensive performance evaluation system applicable to each of its subsidiary Crown Boards. Evaluations are conducted on a two-year cycle, with some aspects of performance evaluated annually. In 2015-16, all operational Crown Boards implemented performance evaluations of the Board Chair and the Board as a whole. Evaluations are conducted by survey, and follow-up interviews are done with individual directors where necessary to clarify the responses. Each Crown Board is responsible for developing a plan to act on the results of the performance evaluations. A summary of the evaluation results is shared with CIC.

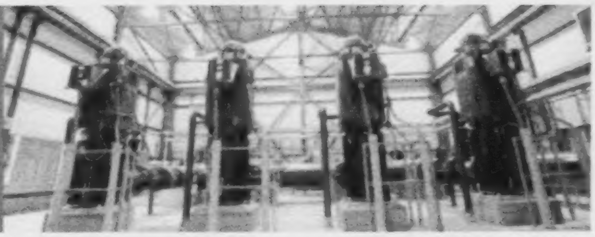
BOARD PROFESSIONAL DEVELOPMENT

CIC is committed to providing the members of its subsidiary Crown Boards with the education necessary to effectively discharge their responsibilities and has provided a training program to its Boards since 1998. Since 2009, CIC has been offering The Directors College Chartered Director certification program to directors serving on CIC subsidiary Crown corporation Boards. This joint initiative of the Conference Board of Canada and McMaster University can lead to designation as a Chartered Director for those who complete all of the program requirements. Registration is limited to 30 participants per module. The program is voluntary and has been well-received.

In 2015-16, two modules of The Directors College Program were offered to directors who had started the Program in 2014. Of the directors who completed the Program in 2015-16, twelve have successfully challenged the exam to receive the Chartered Director designation from The Directors College.

Also in 2015-16, CIC facilitated an all-Crown Board session delivered by The Directors College entitled "Corporate Social Responsibility (CSR) and the Bottom Line". This session focused on helping directors understand the broader business case for adopting a CSR governance mindset and how their boards can identify, prioritize and overcome gaps in current CSR performance.

In 2015-16, SaskWater delivered 55.7 billion litres of potable and non-potable water, enough to fill 22,280 Olympic-sized swimming pools.



PROMOTING BEST PRACTICES IN CROWN SECTOR DISCLOSURE

CONFERENCE BOARD OF CANADA - GOVERNANCE INDEX SURVEY

The Conference Board of Canada (CBoC) maintains a 30-year database that allows Boards to benchmark their performance and governance practices against those of selected leading comparator Boards in the public and private sectors in Canada (Governance Index). CIC has used the CBoC Governance Index to gain an external perspective on the governance practices of its subsidiary Crown Boards. In previous surveys, the ratings achieved by CIC's Crown Boards have surpassed those of all other Boards in the public and private sector whose ratings were recorded in the CBoC's database. CIC will initiate the next Governance Index survey in 2017-18.

CONFERENCE BOARD OF CANADA - REPORTING & DISCLOSURE REVIEW

Every two years, CIC engages the CBoC to conduct a review of the reporting and disclosure practices of CIC and its subsidiary Crown corporations. The review is to:

- update a best practices matrix to reflect the latest standards of reporting, accountability and governance of corporations in both the private and public sectors;
- evaluate the reporting and disclosure practices of Saskatchewan's Crown corporations through a review of their annual reports against the best practices matrix; and
- provide CIC with performance reports of each Crown corporation in comparison to the best practices matrix and relative to benchmarked comparable private companies and Crown corporations.

The most recent CBoC review was conducted in the fall of 2015 on CIC's and the subsidiary Crown corporations' 2014 Annual Reports. This review resulted in the Crown sector receiving a rating of "A-" which was above its target of "B+". Areas for further improvement include more detailed discussions on:

- inclusion of additional information on past-year and multi-year performance;
- increased engagement on the question of environmental sustainability;
- additional performance targets related to human resources;
- significant strengths and experience of CIC Board members;
- key direction and guidance provided to Crown corporations through the CIC Board;
- CIC's focus on community investment;
- greater integration and connection between the risk and performance discussion; and
- inclusion of stories and testimonials that would "show" the impact of the corporation on the Province.

The CBoC will conduct its next review on CIC and the subsidiary Crown corporations' 2016-17 Annual Reports and the results will be reflected in CIC's 2017-18 balanced scorecard.

Operating Context

POLICY & PROGRAMMING ON BEHALF OF THE SHAREHOLDER

CIC's role includes centralized administration of select Government initiatives and programs, including:

- Saskatchewan Immigrant Investor Fund Inc. (SIIF), a corporation established to participate in the Government of Canada's Immigrant Investor Program (IIP). SIIF uses IIP funds to deliver the HeadStart on a Home program that assists builders and developers in building affordable housing in Saskatchewan communities;
- First Nations and Métis Fund Inc. (FNMF), a venture capital fund focusing on Aboriginal businesses;
- First Nations Business Development Program, a program that assists Aboriginal businesses by providing seed capital, repayable out of the profits from the business, to leverage other sources of capital;
- Aboriginal Bursary Program, provides financial assistance to Aboriginal post-secondary students;
- Gradworks Inc., an internship program for CIC Crown corporations; and
- CIC is the plan sponsor for the Capital Pension Plan.

SASKATCHEWAN RATE REVIEW PANEL

The Saskatchewan Rate Review Panel (the Panel) advises the Government of Saskatchewan on rate applications proposed by SaskEnergy, SaskPower and the Saskatchewan Auto Fund. The Panel reviews each rate application and provides an independent public report on its opinion about the fairness and reasonableness of the rate change, while balancing the interests of the customer, the Crown corporation and the public. The provincial Cabinet makes the final decision on rate change requests.

CIC acts as a liaison between the Panel and the Government as required. In this role, CIC may provide the Panel with assistance, guidance and oversight to fulfill its mandate. The members of the Panel during 2015-16 were:

- Kathy Weber, Chair (January 1, 2010 to December 31, 2015)
- Albert Johnston, Chair (effective January 1, 2016; Member since January 13, 2015)
- Bill Barzeele, Vice-Chair
- Delaine Barber, Member
- Steve Kemp, Member
- Burl Adams, Member
- Lyle Walsh, Member
- Daryl Hasein, Member

For more information, visit the Panel's website at www.saskratereview.ca

On average, the buttons on the slot machines at Casinos Regina and Moose Jaw are pushed 2.8 million times per day.

Policy & Programming Spotlight: Gradworks

Jenaya Klemenz graduated from the University of Regina (U of R) with a Bachelor of Arts in English, along with a Public Relations Certificate. With a goal to have a career in the communications field and stay in her home province of Saskatchewan, she put her skills and knowledge to use as an intern at STC before finding permanent employment at CIC.

"I was confident in my skills and had a set career path in my mind when I came out of university," said Jenaya. "I needed an opportunity to show that I was willing to work hard and was eager to gain experience and learn from experienced professionals. I had heard of Gradworks throughout university at Career Fairs and was lucky enough to be hired for an internship with STC."

Gradworks provides career-development workshops to interns, as well as partnering them with a coach within the Crown corporation to provide feedback, guidance, and a supportive environment. Jenaya's coach was former Gradworks intern, Kelly Michaud. "The Gradworks program was my stepping stone into the professional world. It is an opportunity for interns to gain self-confidence, to learn how to work in a corporate environment, and to determine what career path they want to take later in life," said Kelly.

> "Gradworks was the foundation that brought together my education, passion for communications, and desire to work in and contribute to my home province."

Jenaya joined a small team within STC which exposed her to a variety of responsibilities: "Being able to work with members of the Executive team and a wide variety of STC employees helped me learn a lot about the Crown itself and the service it provides across the province. Gaining this background and knowledge about STC's operations helped me to effectively communicate about the organization through internal newsletters, social media and other documents."

Gradworks has proven to be one of the first steps towards a meaningful career for Jenaya. It also played a major factor in her decision to remain in the province.

"Not only did I gain experience, the internship also reassured me that the field I studied in university suited my strengths. Gradworks was the foundation that brought together my education, passion for communications, and desire to work in and contribute to my home province." The experience did not end with the conclusion of her internship. "My experience actually led me to a position where I could continue to pursue my passion as well as have a hand in helping other young adults much like myself. I was thrilled to accept the Gradworks Program Consultant position with CIC where I can continue to help young professionals find meaningful careers in Saskatchewan."

On her role as a coach, Kelly indicates: "It has been a great experience working with interns coming from different educational backgrounds. Each intern has brought something new to our small Strategic Planning and Communications team. It's a chance for them to showcase their strengths and receive some constructive feedback to further enhance those skills."

For more information on Gradworks, visit its website at www.gradworks.ca

Operating Context

ACHIEVING A BALANCED APPROACH TO SHAREHOLDER RETURN

CIC is focused on providing a reasonable return to the Province. This priority must be balanced with its public policy initiatives and reinvestment in sustaining infrastructure to meet the growth of the province.

CIC monitors the financial management of the CIC Crown sector to ensure that financial performance targets are achieved in the current year and that the financial sustainability of the CIC Crown sector is maintained for the future. This includes important functions such as:

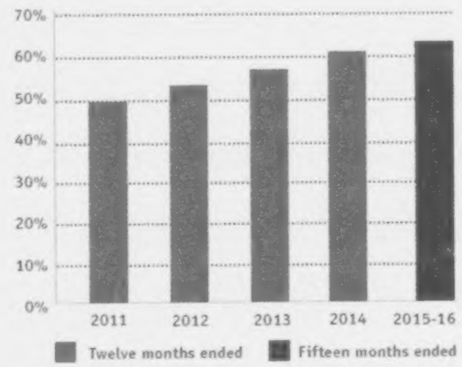
- ensuring CIC Crown corporations have sufficient capital available to maintain and/or expand existing infrastructure;
- examining capital structures of CIC Crown corporations (generally consisting of debt and equity) to maintain financial health; and
- forecasting available cash flows over the planning horizon to analyze and advise on future dividend payments to the GRF.

All decisions that impact financial resources, such as dividends from the CIC Crown sector, dividends to the GRF, or funding of a public policy initiative, are assessed within the context of financial self-sufficiency, while contributing to the Government's priorities for the CIC Crown sector.

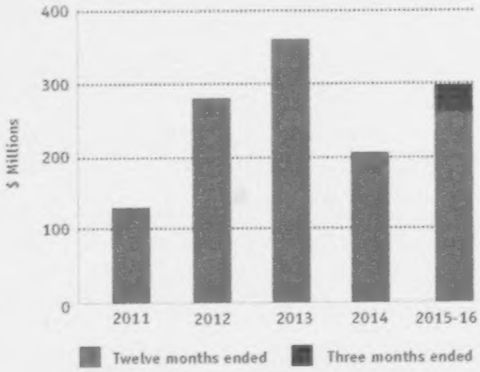
Over the last five years, CIC has maintained sustainable debt levels while reinvesting in infrastructure, as well as providing a return to the shareholder. During 2015-16, CIC's allocation of financial resources included the following:

- support of public policy initiatives, including Gradworks, STC transportation routes, FNMF, and SIIF;
- declaration and payment of dividends to the GRF of $297.2 million; and
- authorizing capital spending plans of subsidiary Crown corporations that resulted in capital expenditures of $1,828.2 million to meet the reinvestment requirements of a growing province.

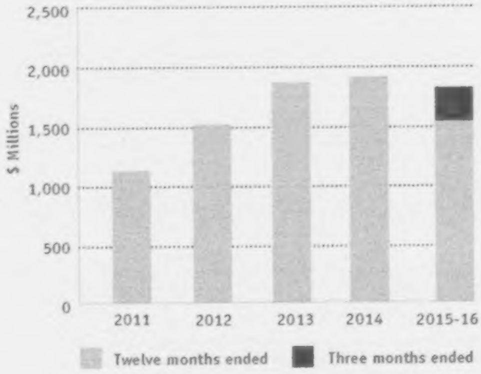
Consolidated Debt Ratio



Dividends Declared to GRF



Capital Expenditures



MANAGING CAPITAL RESOURCES

CIC has a diverse range of holdings. A key priority for CIC is to manage the capital resources employed within the consolidated group of entities to optimize value in the Crown sector and also provide a return to the Province's GRF.

CIC manages this priority through its capital allocation framework, which is based on two integrated policies. These policies are based on the principle that there are three potential uses for cash flows:

- reinvestment to sustain infrastructure and operations, to grow and diversify revenues, and support public policy initiatives and economic development;
- debt reduction to support financial flexibility; and
- dividends to the holding company to be used in accordance with the CIC Subsidiary Dividend Policy.

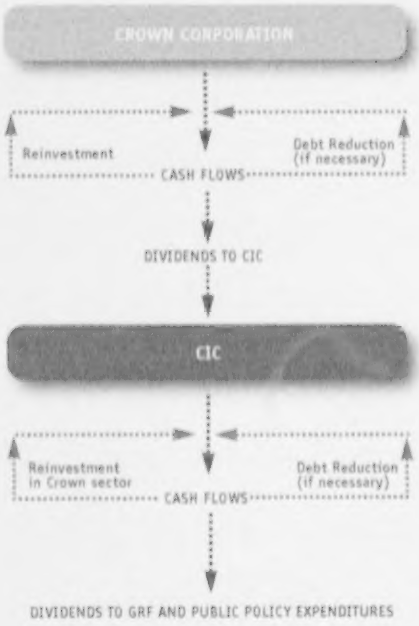
SUBSIDIARY DIVIDEND POLICY

The CIC Subsidiary Dividend Policy focuses on managing capital resources to support the investment needs and business viability of the various business segments over the medium term. The policy ensures that the investments provide a return to Saskatchewan residents in support of programs paid for from the GRF.

Each commercial Crown's ability to pay dividends is determined after the CIC Board allocates a portion of cash profits to reinvestment and debt reduction. The CIC Board has approved debt and capital structure targets for CIC's subsidiaries based on industry benchmarks. Therefore, for subsidiaries that pay dividends, the amount paid is determined in relation to the target capital structure compared to the actual capital structure.

CIC DIVIDEND POLICY

In a similar way, cash paid by subsidiary Crown corporations is used by CIC for reinvestment and dividends to the GRF. CIC, as the holding company, does not have any debt. As well, CIC uses funds to support public policy initiatives.


CROWN CORPORATION
Reinvestment
Debt Reduction (if necessary)
CASH FLOWS
DIVIDENDS TO CIC
CIC
Reinvestment in Crown sector
Debt Reduction (if necessary)
CASH FLOWS
DIVIDENDS TO GRF AND PUBLIC POLICY EXPENDITURES

In 2015-16, CIC allocated $314.5 million of capital as follows:

Reinvestment and Public Policy Expenditures:

- $16.7 million in grant funding to STC;
- $0.4 million to Gradworks to support operations; and
- $0.2 million to FNMF to provide venture capital to qualifying First Nations and Métis businesses.

Debt Reduction:

- No funds were used for debt repayment. CIC (separate) does not carry debt.

Dividend:

- GRF dividend of $297.2 million.

CIC's ability to pay dividends to the GRF depends mainly on the level of Crown corporation dividends to CIC, less CIC's operating costs. These costs include support to non-dividend paying Crown corporations and public policy expenditures. Crown corporation dividend levels depend on earnings and capital structure. In addition to cash constraints, CIC's ability to declare dividends to the GRF depends on its retained earnings (a company's retained earnings are the aggregate amount of undistributed earnings since its inception). CIC's earnings and hence, dividend capacity outlook, are sensitive to adverse developments in its operating expenditures and Crown earnings forecasts.

CAPITAL STRUCTURES OF SUBSIDIARY CORPORATIONS

The following table summarizes the target capital structure of CIC's subsidiary corporations that declare dividends to CIC. Capital structure targets are based on industry benchmarks where possible and are approved by the CIC Board of Directors.

	Capital Structure Measure	Capital Structure Target	2015-16 Actual Capital Structure	2015-16 Dividend Payout Rate
SaskPower	Debt Ratio	60.0% - 75.0%	75.7%	0.0%
SaskTel	Debt Ratio	<55.0%	51.9%	29.6%
SaskEnergy	Debt Ratio	58.0% - 63.0%	61.0%	48.0%
SGI[1]	Minimum Capital Test	360.0%	249.0%	56.8%
SGC	Debt to EBITDA[2]	25.0%	10.0%	80.0%
SOCO	Debt Ratio	60.0%	14.0%	90.0%
SaskWater	Debt Ratio	60.0%	45.7%	26.2%

[1] Minimum Capital Test (MCT) is an indicator of financial flexibility used in the insurance industry.

[2] Earnings before interest, taxes, depreciation and amortization.

LIQUIDITY

CIC and its subsidiary Crown corporations borrow from the GRF, which in turn borrows in the capital markets. With strong credit ratings, the GRF has ample access to capital for anticipated borrowing requirements.

Province of Saskatchewan Credit Ratings	
Moody's Investor Service (Moody's)	Aaa
Standard & Poor's (S&P)	AAA[1]
Dominion Bond Rating Service (DBRS)	AA

[1] Effective June 24, 2016, S&P downgraded the Province of Saskatchewan's credit rating to AA+.

There are three credit rating agencies in Canada that evaluate and rate the credit worthiness of the Province's sovereign debt. Credit worthiness affects the interest rate at which the Province, including the CIC Crown sector, can borrow. As the credit ratings improve, the interest rates at which the Province can borrow decrease, thereby reducing the costs of borrowing. During 2015-16, Moody's upgraded the Province of Saskatchewan's credit rating from Aa1 to Aaa. All other credit rating agencies confirmed the Province's credit rating and outlook.

ENHANCING ACCOUNTABILITY

CIC continues to advance its financial reporting practices in support of transparency and accountability. Examples of current practices to facilitate accountability include:

- quarterly reports for CIC (Consolidated and Separate) and its subsidiary Crowns, available to the public via CIC's website;
- disclosure of budget information in the Government's Summary Financial Plan;
- detailed disclosure of CIC and its subsidiary Crowns' payments via CIC's website;
- within the annual reports, comparisons of CIC's subsidiary corporations' results to business plan targets;
- providing Internal Audit services to certain CIC subsidiary Crown corporations;
- requiring CEO/CFO certification of internal controls over financial reporting; and
- ensuring appropriate and consistent risk management frameworks for all CIC subsidiary Crown corporations.

CIC continuously evaluates new standards and leading practices for financial reporting and corporate governance.

CORPORATE SOCIAL RESPONSIBILITY

CIC has long been committed to giving back to the community and the people of Saskatchewan.

CIC's Corporate Sponsorship Program supports organizations, events, programs, activities and projects across Saskatchewan that:

- benefit disadvantaged people, children and youth, Aboriginal people, or women in non-traditional roles;
- address education, emerging health and social needs, culture and recreation; and/or
- align with our business, policies, programs and/or services.

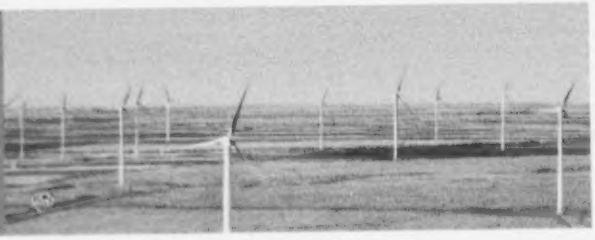
In 2015-16, CIC provided approximately $50,000 to support non-profit organizations across the province as well as supplying promotional items for auction at fundraising events. In addition to sponsorships, CIC continues to fund the Aboriginal Bursary Program, administer the Gradworks Program for recent post-secondary graduates, and oversee the SIIF, which finances the Headstart on a Home program.

CROWN PARTICIPATION

In CIC's role of oversight of the operations of the Saskatchewan Crown corporations, it monitors Crown spending in the area of sponsorships and donations to ensure that all taxpayer monies distributed by the Crowns are being used wisely and in a coordinated fashion so that support can be offered to as many organizations and events as possible.

While CIC operations have minimal impact on the environment, it encourages and supports Crown prioritization of research and development related to innovative and renewable technologies to help protect the environment, and monitor achievements of regulatory standards.

SaskPower has enough wind capacity to power nearly 100,000 homes and businesses.



Employee Volunteerism

Eager CIC team members are ready to get Relay for Life off to a great start after an early morning setup.

CIC is committed to being a good employer and encourages a healthy work-life balance. Volunteer activity is encouraged and supported and employees participate in events – such as fundraising for the United Way or helping at the Humane Society – and support their organizations or activities of choice after hours.

CIC's employees are active supporters and members of the community. As a socially responsible organization, CIC shares these values and encourages employees to take part in corporate volunteerism. This provides employees with the opportunity to give back to their communities and support groups in need during a workday. From a full day of bagging 3,000 lbs of lentils at the Regina Food Bank, to a day of set up and support at Relay for Life, our employees come together as a team. Their passion for the community is shown by the smile on their faces while volunteering their time. CIC takes pride in the volunteer activities its employees pursue both as part of corporate volunteerism and supporting worthwhile causes personally, outside of work.

Mission: Zero

SASKATCHEWAN'S CROWN CORPORATIONS ACCEPT MISSION: ZERO CHALLENGE

In 2008, WorkSafe Saskatchewan launched **Mission: Zero**, an initiative to make Saskatchewan the safest province to live, work, and play. Workers' Compensation Board and the Ministry of Labour Relations and Workplace Safety partnered to focus on the prevention of injuries to individuals, co-workers, and community and family members.

CIC and its eight subsidiary Crown corporations have all accepted the Mission: Zero challenge and made a pledge to the initiative's vision: "an injury free Saskatchewan where safe lifestyles influence how we live, work and play." This commitment further demonstrates the culture of safety that surrounds the Crown corporation environments.

From administrative assistants to IT technicians to bus drivers to power line technicians, and all other occupations within the Crown sector, Saskatchewan's main focus is on the safety and health of its people, whether at home or at work. Despite the range of occupations, and nature of each position within our Crown corporations, each employee has the right to finish their work day in good health. The first step in reaching this goal is to understand that all injuries are preventable. Each Crown has developed and implemented specific safety procedures and regulations to educate employees on their workplaces and specific job duties. Awareness, education, and leadership are essential to ensure injuries are prevented while employees provide valuable services across the province.

Mission: Zero = Zero injuries, Zero fatalities, Zero suffering

Corporate Performance

2015–16 BALANCED SCORECARD & PERFORMANCE DISCUSSION

CIC uses a widely accepted performance measurement system known as the balanced scorecard. This system is used to establish, communicate and report on key corporate performance targets in a standardized and concise format. We provide our Board with quarterly progress reports on CIC's performance relative to targets. CIC's 2015-16 sector scorecard contains four perspectives: Shareholder, Leadership & Policy, Financial and CIC Internal Operations.

Through the performance management system, CIC monitors its success in achieving its strategic objectives and implementation of the Crown Sector Strategic Priorities (identified on pages 4 and 5) throughout the Crown sector.

Performance results for 2015-16 are presented on both a twelve month and fifteen month basis due to the change in fiscal year end to March 31, previously December 31. Results for the twelve month period ended December 31, 2015 are compared to targets established for the same twelve month period. Targets were not established for the three month period January 1 - March 31, 2016.

2015-16 BALANCED SCORECARD PERSPECTIVES

SHAREHOLDER

- To ensure the subsidiary Crowns' strategic plans reflect the priorities and policies of the Shareholder.
- To ensure the Shareholder is provided with quality information and analysis to make decisions affecting the Crown sector.

LEADERSHIP & POLICY

- To provide high quality advice to the Crown sector.
- To identify, develop and promote best practices in management of the Crown sector.
- To implement and manage programs to align with Shareholder priorities.

FINANCIAL

- To monitor the financial performance of the Crown sector.
- To balance the relative priorities of providing an appropriate return to the people of Saskatchewan and protecting the financial flexibility of CIC and the Crown sector.

INTERNAL OPERATIONS

- To ensure CIC is effectively structured to support the achievement of CIC's corporate priorities.
- To achieve an engaged and enabled workforce.
- To demonstrate accountability and strong leadership throughout CIC.

STATEMENT OF RELIABILITY

I, Blair Swystun, President and Chief Executive Officer of Crown Investments Corporation of Saskatchewan, and I, Cindy Ogilvie, Vice-President and Chief Financial Officer of Crown Investments Corporation of Saskatchewan, certify that we have reviewed the balanced scorecard performance results included in the Annual Report of Crown Investments Corporation of Saskatchewan.

Based on our knowledge, having exercised reasonable diligence, the performance results included in the Annual Report, fairly represent, in all material respects, CIC's performance results as of March 31, 2016.

Blair Swystun, CFA
President & CEO

Cindy Ogilvie
Cindy Ogilvie, CPA, CA
Vice-President & CFO

Corporate Performance

SHAREHOLDER

BALANCED SCORECARD

STRATEGIC OBJECTIVE	PERFORMANCE MEASURE	2014 RESULTS	2015 TARGET	2015 RESULTS	2015-16 RESULTS	2016-17 TARGET
Provide expertise and guidance to support the Shareholder	S1 Performance assessment by CIC Board Chair[1]	4.17	≥4.0	● 4.17	4.17	≥4.0
Effectively provide Shareholder direction to the Crown sector	S2 Performance assessment by CIC Board Chair[1]	4.20	≥4.0	● 4.0	4.0	≥4.0
	S3 Performance assessment by Crown Boards[1]	4.12	≥4.0	● 4.29	4.29	≥4.0

[1] Based on a five-point rating scale

Performance Indicator Key:

● Exceeds Target > 120% | ● On Target 95%-120% | ● Slightly off Target < 95% | ● Below Target < 80% | ● Not Reported this Period

2015-16 PERFORMANCE DISCUSSION

CIC received strong ratings from its stakeholder groups and continues to provide excellent support towards the goals and achievements of the Board. In 2016-17 CIC will continue to strive for high results and constant improvement.

In 2015-16, CIC continued the Crown Board dialogue process that began in 2013. This process involves CIC meeting with subsidiary Crown Boards to communicate strategic priorities and discuss issues and challenges facing the Crown sector.

LEADERSHIP AND POLICY

BALANCED SCORECARD

STRATEGIC OBJECTIVE	PERFORMANCE MEASURE	2014 RESULTS	2015 TARGET	2015 RESULTS	2015-16 RESULTS	2016-17 TARGET
Implement key strategic public policy and programs aligning with Shareholder priorities	**LP1** Crown sector efficiency initiatives – EBITDA/Revenue	26.2%	29.9%	● 32.8%	32.7%	32.2%
	LP2 Oversight of public policy programs and initiatives	124% of program deliverables	Achieve 100% of program deliverables	● 118% of program deliverables	N/A[2]	Achieve 100% of program deliverables
Provide an effective performance management process to the Crown sector	**LP3** Performance assessment by Crown Executives[1]	3.91	≥3.75	● 4.04	4.04	≥3.75
Effectively provide policy and procedural advice and support to the Crown sector	**LP4** Performance assessment by Crown Executives[1]	3.86	≥3.75	● 3.98	3.98	≥3.75
Advance best practice standards within the Crown sector	**LP5** Governance Rating: Benchmarking by the Conference Board of Canada (CBoC)	Top quartile (25%)	Non-reporting year of three-year cycle	● Non-reporting year of three-year cycle	Non-reporting year of three-year cycle	Non-reporting year of three-year cycle
	LP6 Reporting and Disclosure Rating of Crown sector 2014 Annual Reports – Benchmarking by the CBoC	Non-reporting year of two-year cycle	B+	● A-	A-	Non-reporting year of two-year cycle

[1] Based on a five-point rating scale

[2] As a target was not established for the period January 1 – March 31, 2016 a percentage of program deliverables achieved is not applicable.

Performance Indicator Key:

● Exceeds Target > 120% | ● On Target 95%-120% | ● Slightly off Target < 95% | ● Below Target < 80% | ● Not Reported this Period

2015-16 PERFORMANCE DISCUSSION

CIC Crown corporations continued to focus on cost reductions and also met the demands of growth in 2015-16 by investing in infrastructure, a Crown sector strategic priority, while managing in a sometimes challenging business environment. EBITDA was strong relative to target in 2015-16 due in part to cost restraint in the Crown sector. A detailed discussion of consolidated financial performance is provided in the Consolidated Management Discussion & Analysis (MD&A) beginning on page 43.

In general, CIC's public policy programs were successful, in particular the Aboriginal Cultural Awareness Program and Aboriginal Bursary Program. As well, the Headstart on a Home program, which is one of the most successful entry level housing initiatives in the country, achieved a total of 510 homes under construction or completed in 2015-16 versus the twelve month target of 300 homes.

One program was slightly below target. Gradworks, which provides recent post-secondary graduates with a one year, paid internship at one of Saskatchewan's Crown corporations, placed 63 interns in 2015 versus a target of 75. However, over the fifteen month period, 83 interns were hired from a pool of over 4,600 applicants. Ninety-seven per cent of these interns gained temporary or permanent employment in Saskatchewan after completing their internships, with 67 per cent remaining at a Crown corporation. Since Gradworks' inception in 2005, there have been nearly 900 internships within the province's Crown corporations.

The Office of the Provincial Auditor (OPA) conducted a program audit of Gradworks in 2015-16. Recommendations related to workforce diversity, verification of post-secondary education, and communication of performance targets and results were made in the OPA's 2016 report to the Legislature. Gradworks is addressing all of the recommendations in 2016-17.

CIC's leadership role was favourably rated by Crown Executives in 2015-16. Valuable feedback is gained through this survey process which assists us as we incorporate requested improvements into our upcoming business plans. Key opportunities to improve relate to clarity and timing of strategic communications in the areas of business and Crown sector human resources.

FINANCIAL

BALANCED SCORECARD

STRATEGIC OBJECTIVE	PERFORMANCE MEASURE	2014 RESULTS	2015 TARGET	2015 RESULTS	2015-16 RESULTS	2016-17 TARGET
Ensure that the Crown sector is financially sustainable and provides an appropriate return to the people of Saskatchewan	F1 CIC dividend and equity repayments to the General Revenue Fund	$206.0M	$262.2M	● $242.2M	$297.2M	$204.0M
	F2 Consolidated return on equity (ROE)	3.5%	6.2%	● 5.9%	7.3%	9.5%
	F3 Consolidated debt ratio	60.1%	61.6%	● 62.3%	62.6%	62.7%

Performance Indicator Key:

● Exceeds Target > 120% | ● On Target 95%-120% | ■ Slightly off Target < 95% | ● Below Target < 80% | ● Not Reported this Period

2015-16 PERFORMANCE DISCUSSION

In 2015-16, the softening economy in Saskatchewan enhanced the existing focus on efficiency and collaboration in the Crown sector. Cost restraint was also implemented, including an out-of scope compensation freeze and reductions to training and out-of-province travel.

CIC measures and monitors the Crown sector's financial health to ensure sufficient financial capacity to provide the infrastructure, products and services that Saskatchewan people need to enjoy a high quality of life. All of these elements are present in the Crown Sector Strategic Priorities. A detailed discussion of consolidated financial performance is provided in the Consolidated MD&A beginning on page 43, with a summary overview below.

CIC provided $297.2 million in dividends to the Government to support priorities such as health care and education. Crown sector consolidated earnings for the fifteen month period were $342.0 million and resulted in an ROE of 7.3 per cent. The increase was primarily due to the additional net earnings of $64.0 million associated with the change in fiscal year end which resulted in a fifteen month period.

The consolidated debt ratio finished the year at 62.6 per cent. Saskatchewan has enjoyed steady population and economic growth since 2008. Despite the softening in 2015-16, the continued demand for Crown services, combined with rapidly changing technology and aging infrastructure, required borrowing to fund Crown capital programs. Crown debt ratios are comparable to industry levels and are monitored to ensure sustainability.

INTERNAL OPERATIONS

BALANCED SCORECARD

STRATEGIC OBJECTIVE	PERFORMANCE MEASURE	2014 RESULTS	2015 TARGET	2015 RESULTS	2015-16 RESULTS	2016-17 TARGET
Advance best practices in CIC's reporting and disclosure	I01 Meet financial and performance reporting requirements	Achieved	Quarterly and annual reports released on time	● Achieved	Achieved	Quarterly and annual reports released on time
	I02 Reporting and Disclosure Rating for CIC's Annual Report: Benchmarking by the CBoC	Non-reporting year of two-year cycle	A-	● A-	A-	Non-reporting year of two-year cycle
Prudent management of corporate resources	I03 CIC operating expenditures	19% below budget	Within budget	● 16% below budget	N/A[1]	Within budget
Promote employee effectiveness and corporate success	I04 Employee engagement	Non-reporting year of two-year cycle	≥Hay Norm	● Deferred due to spending restraint	Deferred due to spending restraint	≥Hay Norm
	I05 Employee enablement	Non-reporting year of two-year cycle	≥Hay Norm	● Deferred due to spending restraint	Deferred due to spending restraint	≥Hay Norm

[1] A CIC Board approved budget was not developed for the period January 1 – March 31, 2016.

Performance Indicator Key:

● Exceeds Target > 120% | ● On Target 95%-120% | ● Slightly off Target < 95% | ● Below Target < 80% | ● Not Reported this Period

2015-16 PERFORMANCE DISCUSSION

CIC continues to work to achieve "Best Practice" in financial reporting. Through the CBoC's review of CIC's 2014 Annual Report, a rating of "A-" was received, reflecting strength in CIC's public reporting. The CBoC will conduct its next review on CIC's 2016-17 Annual Report and the results will be reflected in the 2017-18 balanced scorecard.

Consistent with Government priorities, CIC is focused on efficiency and cost management. Operating expenditures for the twelve months ended December 31, 2015 were $10.7 million, $2.0 million below budget. This is primarily driven by cost restraint initiatives. A complete discussion of CIC's operating results can be found in the Separate MD&A beginning on page 145.

CIC measures its employee engagement and enablement in alternate years. The 2015-16 employee survey was deferred in support of cost restraint and will be completed in 2016-17. Opportunities to support and engage employees, however, were provided during the year, including investing in skills training and providing volunteer opportunities in the community.

RATIONALE FOR SELECTION OF PERFORMANCE MEASURES

STRATEGIC OBJECTIVE	PM CODE	RATIONALE FOR SELECTION OF PERFORMANCE MEASURES (PM)
Provide expertise and guidance to support the Shareholder	S1	Provides for direct assessment by the CIC Board Chair (Shareholder's representative) on the relative performance of the holding company in providing expertise and guidance to support the Shareholder.
Effectively provide Shareholder direction to the Crown sector	S2	Provides for direct assessment by the CIC Board Chair (Shareholder's representative) on the relative performance of the holding company in providing Shareholder direction to the Crown sector.
	S3	Provides for direct assessment by Crown Boards on the relative performance of the holding company in providing Shareholder direction to the Crown sector.
Implement key strategic public policy and programs aligning with Shareholder priorities	LP1	To monitor Crown progress towards achieving Government's priority on efficiency. Measures the efficiency of revenues in generating profit in the Crown sector.
	LP2	Focus on CIC's role in the leadership and oversight of public policy programs and initiatives, aligning with Shareholder priorities.
Provide an effective performance management process to the Crown sector	LP3	Provides for direct assessment by Crown sector Executives on the relative performance of the holding company in providing an effective performance management system.
Effectively provide policy and procedural advice and support to the Crown sector	LP4	Provides for direct assessment by Crown sector Executives on the relative performance of the holding company in providing effective policy and procedural advice and support to the Crown sector.
Advance best practice standards within the Crown corporations	LP5	Benchmarking governance to industry standards or best practices by an independent third party.
	LP6	Benchmarking financial reporting and disclosure to industry standards or best practices by an independent third party.
Ensure that the Crown sector is financially sustainable and provides an appropriate return to the people of Saskatchewan	F1	Provide an appropriate return to the Shareholder in an amount directed by the Shareholder.
	F2	Indicates the level of profitability across the Crown sector by measuring Crown sector returns as a percentage of the equity in the Crown sector. Although the measure cannot be benchmarked to industry on a consolidated basis, results can be compared year over year.
	F3	Indicates the level of financial flexibility in the Crown sector by measuring Crown sector debt as a percentage of capital (debt plus equity) in the Crown sector. Higher ratios indicate increased debt burden, which may impair the Crown sector's ability to withstand downturns in revenues and still meet fixed payment obligations. Although the measure cannot be benchmarked to industry on a consolidated basis, results can be compared year over year.
Advance best practices in CIC's reporting and disclosure	IO1	Release of financial and performance reporting is governed by policy and, in some cases, such as CIC's Annual Report, by legislation.
	IO2	Benchmarking to industry standards or best practices by an independent third party.
Prudent management of corporate resources	IO3	CIC is given the authority to make expenditures within the operating budget as approved annually by the CIC Board of Directors.
Promote employee effectiveness and corporate success	IO4	CIC employee engagement is benchmarked against other corporate entities and is monitored through surveys conducted semi-annually by an independent third party.
	IO5	CIC employee enablement is benchmarked against other corporate entities and is monitored through surveys conducted semi-annually by an independent third party.

STAKEHOLDER FEEDBACK PROCESS

To maintain and improve the value it provides its stakeholders, CIC undertakes an annual stakeholder feedback process. Each stakeholder group is surveyed regarding the value of the functions performed by CIC. The key strategic stakeholder groups for CIC include:

- CIC Board of Directors (as the representative of the Shareholder to ensure mandates and activities are consistent with the interest and intent of Government);
- subsidiary Crown Boards of Directors (as the stewardship body with fiduciary duty to the Crowns' operations); and
- subsidiary Crown Executives (as the corporations' management bodies to conduct operations under the Boards' stewardship and direction).

The subsidiary Crown Board and Crown Executive surveys are administered by an independent agency to ensure confidential disclosure and unbiased interpretation of results. In the case of the CIC Board, to which CIC has direct responsibility, the survey is administered by CIC's CEO. Each stakeholder group is surveyed on the following criteria:

Assessed Criteria	**CIC Board of Directors**	**Crown Subsidiary Boards of Directors**	**Crown Subsidiary Executives**
Fulfilling its Mission	✓		
Direct Board Services & Support	✓		
Governance & Strategic Direction	✓[1]	✓	✓
Performance Management	✓[1]	✓	✓
Capital Allocation	✓[1]	✓	✓
Preparation of Board / Cabinet Materials	✓	✓	✓
Strategic Human Resources	✓[1]	✓	✓
Information Sharing		✓	✓
Corporate Secretariat Services		✓	
Financial & Reporting Policies			✓
Communications Coordination & Strategy	✓[1]		✓
Legal, Procedural & Legislative Advice	✓	✓	✓
Financial Management	✓		
Oversight of Government Initiatives	✓		
CIC's Operations & Administration	✓		

[1] Oversight on a Crown sector-wide basis.

10 505

Organizational Overview

GOVERNANCE 31
Board of Directors 31
CIC Board Members 32

ORGANIZATIONAL STRUCTURE 35
Operating Divisions 35
CIC Executive 36
Management Organization 37

EXECUTIVE COMPENSATION 38

BOARD OF DIRECTORS

The CIC Board of Directors consists of elected Government officials appointed to the Board by the Lieutenant Governor-in-Council pursuant to *The Crown Corporations Act, 1993*. The CIC Board makes decisions in its own right, provides advice and recommendations to the Provincial Cabinet, and functions as a key committee to Cabinet.

The CIC Board oversees the strategic direction and risk management of the CIC Crown sector. The Board is guided in this role by overall Government direction provided in the annual provincial budget. In 2015, the Government's strategic vision, "Keeping Saskatchewan Strong", set a long-term path for maintaining a secure and stable base for economic growth and the quality of life it brings to the Province. The Board's key responsibility is to ensure that all direction provided to the Crown sector is aligned with the Government's vision.

BOARD RESPONSIBILITIES

The CIC Board is committed to the Government's vision and to ensuring alignment of the CIC Crown sector through the following activities:

- sets strategic priorities for the Crown sector;
- oversees and ensures that risks are properly managed and appropriate authorities and controls are in place;
- provides strategic oversight to subsidiary Crown corporations by reviewing annual business plans, setting performance expectations, allocating capital within the sector, as well as monitoring and evaluating performance; and
- provides strategic oversight to CIC management by setting corporate strategic direction, identifying risks and opportunities, approving CIC's business plans and budgets, and monitoring and evaluating corporate performance.

BOARD COMMITTEES

The CIC Board does not have separate nominating, compensation or audit and finance committees.

- CIC Board members are appointed by the Lieutenant Governor-in-Council, therefore there is no nominating committee.
- The CIC Board acts as a compensation committee by approving an executive compensation framework (pg. 39) that applies to the executives of CIC and all subsidiary Crown corporations. The Chair of the CIC Board provides oversight of CIC's CEO and evaluates the annual performance of the CEO.
- The CIC Board acts as an audit and finance committee by approving CIC's financial statements and by meeting with external auditors and the Provincial Auditor without management present.

BOARD APPOINTMENTS & RENEWAL

The appointment and removal of members of the CIC Board, as well as the designation of the Chair and Vice-Chair, are the prerogatives of the Lieutenant Governor-in-Council. The Minister of Crown Investments must be a member of the CIC Board and is appointed as the CIC Board Chair. Pursuant to *The Crown Corporations Act, 1993*, members hold office for a term not greater than three years or until a successor is appointed. Member appointments can be renewed. There are seven members on the CIC Board. The Board members are all non-independent directors.

CIC BOARD MEMBERS

HONOURABLE DON McMORRIS, CHAIR

Deputy Premier
Minister of Crown Investments
Minister Responsible for Saskatchewan Government Insurance
Minister Responsible for Saskatchewan Liquor and Gaming Authority
Minister Responsible for Public Service Commission
Minister Responsible for Lean Initiative
Saskatchewan Opportunities Corporation

- Mr. McMorris was originally elected to the Saskatchewan Legislature in 1999 in the constituency of Indian Head-Milestone. He was re-elected in 2003, 2007, 2011, and in 2016.
- In June 2014, he was appointed Minister of Crown Investments and Minister Responsible for Saskatchewan Government Insurance, Saskatchewan Liquor and Gaming Authority, Public Service Commission, and the Lean Initiative.
- Mr. McMorris served as Minister of Health from 2007 until May of 2012 when he was appointed Minister of Highways and Infrastructure. He is among one of Canada's longest serving Health Ministers. In May 2015, Mr. McMorris was appointed Deputy Premier.
- Prior to his election to the Saskatchewan Legislature, Mr. McMorris worked with the Saskatchewan Safety Council, the Prairie View School Division, and managed the family farm in the Lewvan area.

HONOURABLE NANCY HEPPNER, VICE-CHAIR

Minister of Highways and Infrastructure
Minister Responsible for Saskatchewan Gaming Corporation
Saskatchewan Grain Car Corporation

- Ms. Heppner was first elected to the Saskatchewan Legislature through a 2007 by-election in the constituency of Martensville. She was re-elected in the 2007, 2011, and in 2016 provincial elections.
- Ms. Heppner has served as the Minister of Environment, Minister of Central Services, Minister Responsible for Saskatchewan Water Corporation, Saskatchewan Watershed Authority, the Water Appeal Board, the Public Service Commission, and the Lean Initiative.
- Ms. Heppner graduated from the Saskatoon Business College in 1994, has worked as a bookkeeper and managed a family-owned business in Rosthern until starting her own business in 1999.

HONOURABLE KEVIN DOHERTY, BOARD MEMBER

Minister of Finance
Municipal Financing Corporation of Saskatchewan
Board of Revenue Commissioners
Public Employees' Pension Board
Public Service Superannuation Board
Saskatchewan Pension Plan
The Municipal Employees Pension Commission

- Mr. Doherty was originally elected to the Saskatchewan Legislature in November 2011 in the constituency of Regina Northeast, and was re-elected in 2016.
- He has served as Minister of Advanced Education, Minister of Parks, Culture and Sport, Minister Responsible for SaskTel, and Minister Responsible for the Provincial Capital Commission. In May 2015, Mr. Doherty was appointed Minister of Finance.
- Prior to November 2011, Mr. Doherty served as the Vice-President of Corporate Relations at SaskPower, worked as a Division Director for Investors Group, the Director of Government Relations for Bayer Healthcare, and as the Manager of Provincial Relations for Glaxo Wellcome.

HONOURABLE GORDON WYANT, Q.C., BOARD MEMBER

Minister of Justice and Attorney General
Minister Responsible for SaskBuilds
Highway Traffic Board
Financial and Consumer Affairs Authority
Law Reform Commission of Saskatchewan
Office of Residential Tenancies
Provincial Mediation Board
Public and Private Rights Board
Saskatchewan Human Rights Commission
Saskatchewan Legal Aid Commission
Automobile Injury Appeal Commission
SaskBuilds Corporation

- Mr. Wyant was first elected to the Saskatchewan Legislature in the October 2010 by-election in the constituency of Saskatoon Northwest. He was re-elected in 2011 and 2016.
- In May 2012, Mr. Wyant was appointed Minister of Justice and Attorney General and Deputy Government House Leader. In June 2014, he was appointed Minister Responsible for SaskBuilds.
- Since 2000, Mr. Wyant has been an active public servant. He was elected Saskatoon City Councillor for Ward 5 in 2003, 2006 and 2009. He has served on numerous committees of Saskatoon City Council including as Chair of the Planning and Operations Committee since 2006. Mr. Wyant has served on two standing committees of the Federation of Canadian Municipalities.

HONOURABLE JIM REITER, BOARD MEMBER

Minister of Government Relations
Minister Responsible for First Nations, Métis and Northern Affairs
Minister Responsible for SaskEnergy Incorporated
Minister Responsible for Saskatchewan Telecommunications
Emergency Management Organization
Saskatchewan Assessment Management Agency
Saskatchewan Municipal Board
Technical Safety Authority of Saskatchewan

- Mr. Reiter was first elected in 2007 as the MLA for Rosetown-Elrose and was re-elected in 2011, and in 2016. Mr. Reiter has served as Minister of Highways and Infrastructure and as the Minister Responsible for Saskatchewan Transportation Company. In May 2012, he was appointed Minister of Government Relations and Minister Responsible for First Nations, Métis and Northern Affairs. Responsibility for SaskEnergy was added in 2014 and for SaskTel in 2015.
- Mr. Reiter has extensive experience in municipal government. He has served as Director, Vice-President, and President of the Rural Municipalities Association, as well as Executive Director.

KEVIN PHILLIPS, BOARD MEMBER

MLA, Melfort

- Mr. Phillips was first elected to the Saskatchewan Legislature in 2011 in the Melfort constituency, and was re-elected in 2016.
- Mr. Phillips is a member of the Crown and Central Agencies Standing Committee, the Red Tape Reduction Committee and Government Deputy Whip.
- Mr. Phillips has worked in business and advertising. Mr. Phillips served on the boards of the Canadian Community Newspaper Association and the Saskatchewan Weekly Newspapers Association. Mr. Phillips served for five years as Mayor of Melfort and has also served as Vice-Chair of the Saskatchewan Urban Municipalities Association SUMAssure Reciprocal Insurance Company.

LARRY DOKE, BOARD MEMBER

MLA, Cut Knife-Turtleford

- Mr. Doke was first elected to the Saskatchewan Legislature in 2011 in the constituency of Cut Knife-Turtleford, and was re-elected in 2016.
- Mr. Doke serves as a member of the Standing Committee on the Economy and Deputy Chair for Public Accounts.
- Mr. Doke has previously been a business owner. He is an active member volunteering in his community. The end of July 2016 marks a total of 20 years' service as a municipal councilor for both city and rural municipalities.

BOARD OF DIRECTORS – TENURE

During 2015-16, a total of 15 Board meetings were held by the CIC Board.

- CIC Board members are provided with meeting materials in advance of meetings;
- As a standing agenda item, the Board holds in-camera sessions without management present where all CIC Board members can participate; and
- Board members do not receive remuneration (retainers or per diems) for their participation on the CIC Board.

Director	Position	Term on the Board[1]
Honourable Don McMorris	Chair	May 25, 2012 to March 31, 2016
Honourable Nancy Heppner	Vice-Chair	June 11, 2014 to March 31, 2016
Honourable Kevin Doherty	Member	June 11, 2014 to March 31, 2016
Honourable Gordon Wyant, Q.C.	Member	June 11, 2014 to March 31, 2016
Honourable Jim Reiter	Member	May 21, 2015 to March 31, 2016
Kevin Phillips	Member	June 5, 2014 to March 31, 2016
Larry Doke	Member	May 21, 2015 to March 31, 2016
Herb Cox	Member	May 25, 2012 to May 21, 2015

[1] To the end of the reporting period.

Organizational Structure

OPERATING DIVISIONS

At year-end, CIC had 46 positions within its three divisions:

President's Office	The President & CEO is responsible for all aspects of leadership at CIC. The Communications and Human Resource Units report directly to the President. The Division: • provides support and leadership in Crown communications through delivering policy advice and information sharing; • facilitates internal CIC communications; • supports a high-functioning organization by delivering human resource support and leadership; and • undertakes strategic initiatives related to the Crown sector.
Finance & Administration	Provides analysis and recommendations to the CIC Board on a wide range of Crown sector business issues. Specifically, the Division supports: • strategic Shareholder direction to the Crown sector; • oversight of Crown corporation performance management and capital allocation plans; • sector-wide financial reporting and forecasting; • management of CIC's internal corporate budget and financial transactions; • internal audit function for CIC and smaller subsidiary Crown corporations; • corporate administration services and information management; and • prudent management and divestiture of the remaining CIC Asset Management Inc. (AMI) investments.
Human Resource Policy, Governance & Legal	Provides advice and guidance to CIC, the CIC Board and the Crown corporations and their Boards on a wide range of policy issues. The Division: • provides legal advisory services to CIC and the CIC Board; • develops and manages leading practices in corporate governance, including corporate secretarial services and procedural advisory services to the Crown corporation Boards, leading-edge director training and development, and continuous governance improvements; • oversees Crown sector human resource policies and programs, including: Crown executive compensation framework, sector-wide human resource policies, application of the collective bargaining framework, the Gradworks Internship Program, INROADS, and the Aboriginal Bursary Program; and • oversees public policy initiatives, including the Saskatchewan Immigrant Investor Fund and the Saskatchewan Rate Review Panel.

Capital Pension & Benefits Administration (CPBA)(to June 30, 2015) - As per Cabinet direction, the Capital Pension Plan (CPP) contributory fund was successfully amalgamated with the Public Employees' Pension Plan in June 2015. The CPBA division of CIC was then wound down. The Retirement Annuity Fund (RAF) component of CPP will remain with CIC. CIC is responsible for ensuring there are sufficient assets available to pay those members who purchased life insurance annuities. The RAF is closed to new entrants. CIC has contracted administration of the RAF to the Public Employees Benefit Agency (PEBA). CIC continues to sponsor the Benefit Plan (group benefits) and has contracted its administration to PEBA.

CIC EXECUTIVE

BLAIR SWYSTUN, CFA
President & CEO

Blair Swystun is a Chartered Financial Analyst charter holder and has a Masters in Business Administration. He has more than 34 years of government experience and has been at CIC since 1996, most recently in the position of Senior Vice-President and Chief Financial Officer. Blair's public service career also includes various positions at Saskatchewan Finance. Blair is a member of numerous boards and investment funds.

DOUG KOSLOSKI, Q.C.
Senior Vice-President & General Counsel
Human Resource Policy, Governance & Legal

Doug Kosloski is a lawyer and has degrees in Finance and Economics. He has over 20 years of service with the Government of Saskatchewan, joining CIC in 1998. Doug is a member of a number of boards and investment funds on behalf of CIC. In 2014, Doug was appointed Queen's Counsel.

CINDY OGILVIE, CPA, CA
Vice-President & CFO
Finance & Administration

Cindy Ogilvie is a Chartered Professional Accountant. She has more than 22 years of service with the Government of Saskatchewan, joining CIC in 2001. Cindy became Vice-President and Chief Financial Officer in 2015. She is a member of a number of boards on behalf of CIC.

RON DEDMAN
Vice-President of Special Projects

Ron Dedman is an electrical engineer with over 23 years of experience in government. He has served at senior levels in both Ministries and Crown corporations. Ron is on secondment from CIC leading Priority Saskatchewan.

Organizational Structure

CIC EXECUTIVE TEAM

Left to right:

Cole Goertz Executive Director Communications	**Cindy Ogilvie** Vice-President & CFO	**Blair Swystun** President & CEO	**Brian Gyoerick** Executive Director Crown Sector & CIC Human Resources	**Ron Dedman** Vice-President Special Projects	**Doug Kosloski** Senior Vice-President & General Counsel

MANAGEMENT ORGANIZATION

PRESIDENT'S DIVISION

Blair Swystun, President & CEO

- Ron Dedman, Vice-President, Special Projects
- Clay Reich, Executive Director, Special Projects
- Cole Goertz, Executive Director, Communications

HUMAN RESOURCE POLICY, GOVERNANCE & LEGAL DIVISION

Doug Kosloski Q.C., Senior Vice-President & General Counsel

- Brian Gyoerick, Executive Director, Crown Sector & CIC Human Resources
- Wendy Dean, Director, Corporate Secretariat

FINANCE & ADMINISTRATION DIVISION

Cindy Ogilvie, Vice-President & CFO

- Travis Massier, Corporate Controller
- Pam Haubrich, Director, Performance Management & Financial Analysis
- Kyla Hillmer, Director, Performance Management & Financial Analysis

SUCCESSION PLANNING

CIC provides opportunities for professional development at all levels. CIC's corporate programs, policies and practices form a solid foundation for ensuring the corporation is well positioned to retain the knowledge and competencies required to carry out its mandated responsibilities. They include:

- leadership development for executive and management team members;
- budgeted resources for employee development;
- the requirement for a training and development objective in the annual work plan of all team members as well as documentation of career objectives; and
- a Phased Retirement Policy to facilitate knowledge transfer from employees planning to retire to those employees who will take on their responsibilities.

CORPORATE POLICIES

CIC strives to maintain the highest legal and ethical standards in all its business practices. Each employee is expected to act responsibly, with integrity and honesty, and to comply with CIC's code of conduct and its underlying policies and objectives.

CIC operates under a complete, regularly updated and approved set of corporate policies and procedures.

CIC requires all employees, including new employees at time of hire, to annually confirm in writing that they have read, understand and agree to comply with the policies relating to employee conduct:

- Employee Conduct Policy;
- Personal Information Privacy Policy;
- Acceptable Use of Computing Resources Policy; and
- Anti-Harassment Policy.

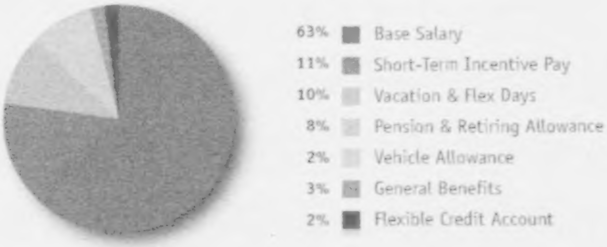
Since 1993, 144 new technology businesses were founded at Innovation Place.

INDEPENDENT & OBJECTIVE

The CIC Board directed CIC to engage an external consultant to review Crown sector executive compensation practices and assist in the development of an Executive Compensation Framework to ensure consistency with best practices and ensure objectivity. The current Crown Sector Executive Compensation Framework (the "Framework") was implemented in 2006.

To maintain a meaningful degree of competitiveness with the external market, the CIC Board undertakes reviews of the Framework. External consultants are engaged to conduct reviews to assess the degree to which Crown executive compensation aligns with the Framework's stated philosophy and the external market. Based on the results of the most recent review, the CIC Board approved changes which refined the Framework and more closely reflect market comparators. The changes were effective January 1, 2013.

2015-16 EXECUTIVE COMPENSATION



FRAMEWORK

CIC has designed and administers executive compensation consistent with the CIC Board and Cabinet's Crown Sector Executive Compensation Framework and is committed to a "total compensation" (e.g. base salary, pay at risk, benefits and pension) perspective.

Crown sector compensation maintains a meaningful degree of competitiveness with the relevant external labour markets, targeting to achieve +/- 10% of the 50th percentile of market comparators (i.e. the middle of the market).

COMPENSATION

Each of CIC's Executives receives a comprehensive group benefits package and is eligible for an annual short-term incentive program in addition to their base pay.

As required by *The Crown Employment Contracts Act*, the CEO and direct reports of the CEO, including all executive members, report the details of their compensation and benefits to the Clerk of Executive Council. These filings are available for public review.

Consistent with CIC Board and Cabinet approved ranges, the CIC base salary ranges for 2015 were:

Position	Base Salary Range
CEO	$340,481 - $425,601
Executive 1	$234,809 - $293,511
Executive 2	$195,647 - $244,558

The Standing Committee on Crown and Central Agencies requires all Crown corporations to file an annual payee list, which includes remuneration information for the Executive members. The Payee Disclosure Report is available on CIC's website (www.cicorp.sk.ca). The CIC Board reviews the details of these expenditure reports annually.

ELIGIBILITY FOR SHORT-TERM INCENTIVE PAY (STI)

Executive STI pay is based on both corporate and individual objectives and demonstrated results against those objectives.

CORPORATE OBJECTIVES

Balanced Scorecard
(refer to pg. 26)

Financial objectives such as:

- **Consolidated ROE**
- **Consolidated debt/equity ratio**
- **Operating efficiency**

+

INDIVIDUAL OBJECTIVES

Such as:

- **Leadership development**
- **Effective communication with stakeholders**
- **Advance key projects**

=

STI PAY IF:

- **80% of the financial objectives are met; and**
- **80% of the corporate objectives are met, including the financial objectives**

CIC's corporate STI targets are directly linked to all, versus a subset of, CIC balanced scorecard (BSC) targets. Key areas of BSC responsibility specific to each executive member are weighted more heavily than other areas for STI payout determination. Linking each executive to all BSC targets incents a collaborative, team approach to achieving corporate targets. The financial component is separately measured to focus CIC Executive on protecting CIC and Crown sector financial sustainability and on providing an appropriate return to the people of Saskatchewan.

The CIC Board receives quarterly progress reports regarding performance against BSC targets. STI targets are stretch goals and are objective, quantifiable, and within the span of control and/or influence of management. For the corporate component, CIC's Executive STI measures and targets are established equivalent to the annual BSC measures and targets. STI targets may be more challenging than BSC targets, but cannot be less challenging than the BSC targets.

Following the end of the fiscal year, each executive summarizes his/her performance for the year against the pre-set objectives and targets. A discussion between the CEO and each Senior Vice-President/Vice-President occurs regarding demonstrated results on both a corporate and individual basis. The CEO determines a final performance score for each Senior Vice-President/Vice-President. Similarly, the CIC Board Chair reviews and discusses the CEO's annual performance results.

The CIC Board annually reviews and approves CIC's Executive performance, including STI targets. The weighting ranges for each component are:

Position	Corporate Weighting	Individual Weighting
CEO	90 – 80%	10 – 20%
Executive 1 and Executive 2	85 – 70%	15 – 30%

SGI CANADA has a 70-year history as an insurer, selling property and casualty products in B.C., Alberta, Saskatchewan, Manitoba and Ontario.

CIC Consolidated

CIC CONSOLIDATED MANAGEMENT DISCUSSION & ANALYSIS 43
A Closer View of CIC's Holdings 44
Understanding CIC's Financial Statements 45
CIC's 2015-16 Financial Highlights 46
Comparison of 2015-16 Results with 2014 Results 47
Significant Events Impacting 2015-16 Consolidated Results 48
Accounting Policy Developments Impacting Future Consolidated Results 48
Analysis of 2015-16 Consolidated Revenues and Expenses 48
Analysis of 2015-16 Consolidated Capital Resources 52
Comparison of 2015-16 Results with Budget 56
Segmented Information 58
Subsidiary Corporation Profiles 60

CIC CONSOLIDATED FINANCIAL STATEMENTS 80

PREFACE

The purpose of the following discussion is to provide the users of CIC's financial statements with an overview of the Corporation's financial performance and the various measures CIC uses to evaluate its financial health. The following analysis of CIC's consolidated 2015-16 financial results should be read in conjunction with the audited consolidated financial statements. While this Management Discussion & Analysis (MD&A) is as complete as possible, CIC is bound by confidentiality agreements with its investment partners. In some cases, these agreements limit the information that CIC can release. For purposes of CIC's consolidated MD&A, "CIC" and "Corporation" refers to the consolidated entity. The Corporation's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and, as such, consolidate the results of all of the Corporation's subsidiary corporations.

Producing two different views of CIC's operations and results, with consolidated and separate financial statements, is a cornerstone of our commitment to accountability and transparency. Explanations of the differing purposes of these statements are provided in the next pages.

In addition to the information on CIC's 2015-16 results, the following discussion also provides detailed information regarding performance relative to the business plan, and what this means for the CIC Crown sector in the future.

FORWARD-LOOKING INFORMATION

Throughout the Annual Report, and particularly in the following discussion, are forward-looking statements. These statements can be recognized by terms such as "outlook," "expect," "anticipate," "project," "continue," or other expressions that relate to estimations or future events. By their nature, forward-looking statements require assumptions based on current information, management experience and historical performance. Forward-looking information is subject to uncertainties, and, as a result, forward-looking statements are not a guarantee about the future performance of CIC and its subsidiary Crown corporations.

Readers should not place undue reliance on forward-looking statements, as a number of factors could cause actual results to differ materially from estimates, predictions and assumptions. Factors that can influence performance include, but are not limited to: weather conditions, commodity markets, general economic and political conditions, interest and exchange rates, performance, competition and regulatory environment. Given these uncertainties, assumptions contained in the forward-looking statements may or may not occur.

CHANGE OF YEAR END

The Corporation has been directed by the provincial government to change its fiscal year end to March 31 to coincide with that of the Province of Saskatchewan. The first complete fiscal period consists of the fifteen months ended March 31, 2016. Information included in the following discussion focuses on the fifteen months of the current fiscal period as compared to the twelve month fiscal period ending December 31, 2014.

The following descriptions are used throughout the MD&A for the periods noted below:

For the Statement of Comprehensive Income and Cash Flows date	The description is for period ended
2011, 2012, 2013, 2014	Twelve months ended December 31
Twelve months 2015-16	Twelve months ended December 31, 2015
Three months 2015-16	Three months ended March 31, 2016
Fifteen months 2015-16	Fifteen months ended March 31, 2016

For the Statement of Financial Position date	The description is as at
2011, 2012, 2013, 2014	December 31
Fifteen months 2015-16	March 31, 2016

A CLOSER VIEW OF CIC'S HOLDINGS

The Corporation is involved in a broad array of industries through various forms of investment. A number of investments are held as wholly-owned subsidiaries, while others are joint ventures and partnerships held through CIC's wholly-owned subsidiaries.

INVESTMENT	MAJOR BUSINESS LINE
	Utilities:
Saskatchewan Power Corporation (SaskPower)	Electricity
Saskatchewan Telecommunications Holding Corporation and Saskatchewan Telecommunications (collectively SaskTel)	Telecommunications
SaskEnergy Incorporated (SaskEnergy)	Natural Gas Storage and Delivery
Saskatchewan Water Corporation (SaskWater)	Water and Wastewater Management
	Insurance:
Saskatchewan Government Insurance (SGI CANADA)	Property and Casualty
	Entertainment:
Saskatchewan Gaming Corporation (SGC)	Gaming
	Investment and Economic Growth:
CIC Asset Management Inc. (CIC AMI)	Investments
Saskatchewan Opportunities Corporation (SOCO)	Research Parks
Saskatchewan Immigrant Investor Fund (SIIF)	Construction Loans
	Transportation:
Saskatchewan Transportation Company (STC)	Passenger and Freight Transportation

Profiles of material subsidiary corporations are included in this section. Each subsidiary Crown corporation prepares an annual report, which is tabled in the Legislative Assembly. These annual reports can be found through CIC's website at www.cicorp.sk.ca.

The data on the following page illustrates the importance of the utility and insurance business segments to the financial results of the Corporation. Of these corporations, SaskPower, SaskTel, SaskEnergy and SGI CANADA are the most significant in terms of assets, liabilities, and operating earnings generated.

UNDERSTANDING CIC'S FINANCIAL STATEMENTS

CIC prepares two sets of financial statements: consolidated financial statements and separate financial statements.

CIC CONSOLIDATED FINANCIAL STATEMENTS

These statements illustrate CIC's results consolidated with the results of its subsidiary corporations. The financial statements are prepared in accordance with IFRS and include:

- Financial results of subsidiary Crown corporations (SaskPower, SaskTel, SaskEnergy, SGI CANADA, SGC, STC, SaskWater, and SOCO);
- Financial results for CIC's wholly-owned subsidiaries (SIIF, CIC AMI, First Nations and Métis Fund Inc., Gradworks Inc., and CIC Economic Holdco Ltd.);
- Dividends paid by CIC to the General Revenue Fund (GRF); and
- CIC's operating results and public policy expenditures.

Consolidated earnings represent the total earnings in the Crown sector, taking into consideration the elimination of all inter-entity transactions (i.e. revenues and expenses between Crown corporations and dividends paid by Crown corporations to CIC).

CIC SEPARATE FINANCIAL STATEMENTS

Separate earnings represent CIC's earnings as the Shareholder of the Saskatchewan commercial Crown sector. These statements assist CIC in determining its capacity to pay dividends to the GRF. The separate statements have been prepared in accordance with IFRS other than consolidating the activities of its subsidiaries. These statements are intended to isolate the Corporation's cash-flow, capital support for certain subsidiary corporations, and public policy expenditures. These financial statements include:

- Dividends from subsidiary corporations;
- Dividends paid by CIC to the GRF;
- Grants by CIC to subsidiaries; and
- CIC's operating results and public policy expenditures.

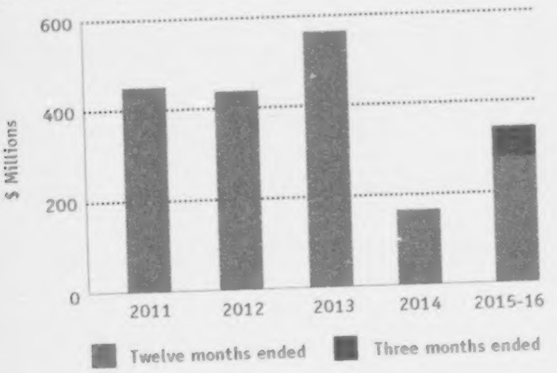
CIC'S 2015-16 FINANCIAL HIGHLIGHTS

(millions of dollars)

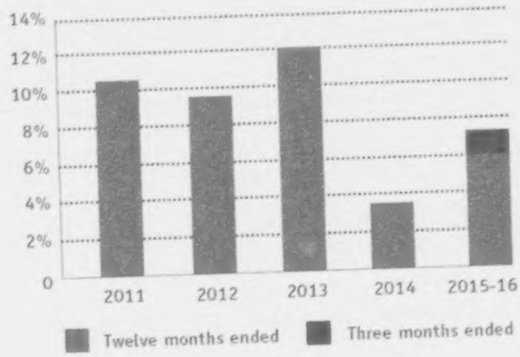
	Fifteen months 2015-16	Twelve months 2015-16	2014	2013	2012	2011
CIC Consolidated						
Earnings	$ 342.0	$ 278.0	$ 162.7	$ 566.9	$ 438.6	$ 450.9
Assets	17,402.4	17,299.9	16,542.3	15,136.8	13,092.0	11,962.4
Debt[1]	8,671.3	8,505.2	7,716.1	6,624.0	5,709.7	4,772.1
Dividend to the GRF	297.2	262.2	206.0	361.4	280.1	128.5
Debt Ratio	62.6%	62.3%	60.1%	56.3%	52.5%	48.6%
Return on Equity	7.3%	5.9%	3.5%	12.1%	9.6%	10.5%
CIC Separate						
Dividend Revenue	$ 184.4	$ 127.7	$ 173.6	$ 202.5	$ 346.4	$ 213.9
Earnings	153.5	106.8	149.7	330.4	314.0	167.1
Cash Return on Equity	20.5%	18.1%	13.3%	21.7%	16.1%	7.8%

[1] Consolidated debt includes long-term debt, long-term debt due within one year, and notes payable.

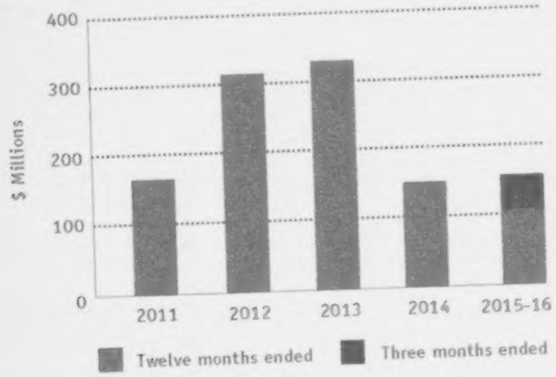
CONSOLIDATED EARNINGS



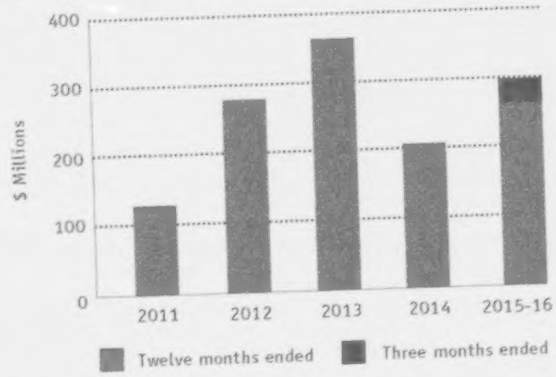
CONSOLIDATED RETURN ON EQUITY



SEPARATE EARNINGS



DIVIDENDS TO THE GRF



COMPARISON OF 2015-16 RESULTS WITH 2014 RESULTS

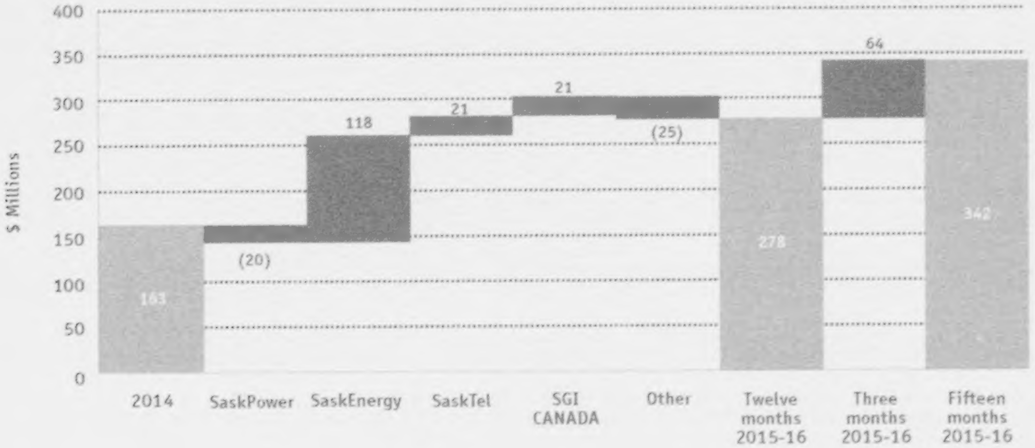
CONSOLIDATED EARNINGS COMPARISON

(millions of dollars)

	Fifteen months 2015-16	Twelve months 2015-16	2014	2013	2012	2011
SaskPower	**$ 25.9**	**$ 39.7**	$ 59.6	$ 113.8	$ 135.5	$ 248.0
SaskTel	**126.7**	**97.7**	76.4	90.8	106.3	154.0
SaskEnergy	**110.9**	**85.3**	(33.0)	78.9	106.8	25.5
SGI CANADA	**84.5**	**61.7**	40.7	39.2	82.2	0.4
SGC	**32.7**	**26.9**	24.9	20.5	26.3	25.9
SaskWater	**7.3**	**6.4**	5.5	3.5	3.0	3.5
CIC AMI	**4.6**	**3.6**	13.0	4.7	(4.3)	35.3
SOCO	**1.6**	**1.3**	2.3	2.4	4.3	4.6
STC	**0.3**	**0.7**	(0.4)	(0.1)	(1.0)	(0.3)
SIIF	**(2.4)**	**(0.7)**	(4.0)	1.2	(0.2)	1.2
ISC	**-**	**-**	-	9.7	21.2	17.2
CIC (separate)	**153.5**	**106.8**	149.7	330.4	314.0	167.1
Other[1]	**(203.6)**	**(151.4)**	(172.0)	(128.1)	(355.5)	(231.5)
Consolidated Earnings	**$ 342.0**	**$ 278.0**	$ 162.7	$ 566.9	$ 438.6	$ 450.9

[1] Includes First Nations and Métis Fund, Gradworks Inc., CIC Economic Holdco Ltd., and consolidation adjustments. Consolidation adjustments reflect the elimination of all inter-entity transactions, such as grants from CIC to Crown corporations, revenues and expenses between Crown corporations, and dividends paid by Crown corporations to CIC.

CHANGES IN CONSOLIDATED EARNINGS



COMPARISON OF 2015-16 RESULTS WITH 2014 RESULTS *(continued)*

CHANGES IN CONSOLIDATED EARNINGS *(continued)*

Consolidated CIC net earnings for the twelve months 2015-16 were $278.0 million (December 2014 - $162.7 million) or $115.3 million higher than the same period in 2014. The increase was primarily related to increased earnings at SaskTel, SaskEnergy, and SGI CANADA, partially offset by a decrease in earnings at SaskPower, and CIC AMI combined with an impairment loss on CIC's investment in Information Services Corporation (ISC).

Consolidated CIC Crown sector net earnings for the three months 2015-16 were $64.0 million, resulting in total earnings of $342.0 million for the fifteen months 2015-16. A more detailed discussion of the 2015-16 period, as compared to the 2014 period, is included on the pages following.

SIGNIFICANT EVENTS IMPACTING 2015-16 CONSOLIDATED RESULTS

During the fifteen months 2015-16, the following significant events impacted the Corporation's consolidated results:

1. **Unrealized Market Value Adjustments**

   The natural gas price volatility that was experienced in the fifteen months 2015-16 resulted in significant fluctuations in the fair value of derivative financial assets and derivative financial liabilities. These fluctuations resulted in unrealized losses of $93.9 million (Note 8(b) in the consolidated financial statements). The significant adjustment is due to a larger number of forward gas contracts and forward gas price swaps outstanding at the end of the fifteen months 2015-16 at a large price differential and a significant unfavorable market value adjustment on natural gas in storage.

   Due to the downturn in the economy, as a result of declining oil and gas prices, significant decreases in the fair value of investments and sinking funds occurred in the fifteen months 2015-16. These decreases resulted in unrealized losses of $43.1 million (Note 29 in the consolidated financial statements).

2. **Capital Expenditures**

   During the fifteen months 2015-16, the Corporation spent $1,828.2 million on capital expenditures related to investing in aging infrastructure and capital projects to meet the demand for growth. Additional debt of $955.2 million was obtained in the fifteen months 2015-16 primarily to fund a portion of the capital expenditures.

ACCOUNTING POLICY DEVELOPMENTS IMPACTING FUTURE CONSOLIDATED RESULTS

As disclosed in Note 4(u) in the consolidated financial statements, a number of new standards and amendments to standards and interpretations are not yet effective for the period ended March 31, 2016, and have not been applied in preparing the consolidated financial statements. Note 4(u) includes management's assessment of the potential impacts on the consolidated financial statements known at this time.

ANALYSIS OF 2015-16 CONSOLIDATED REVENUES AND EXPENSES

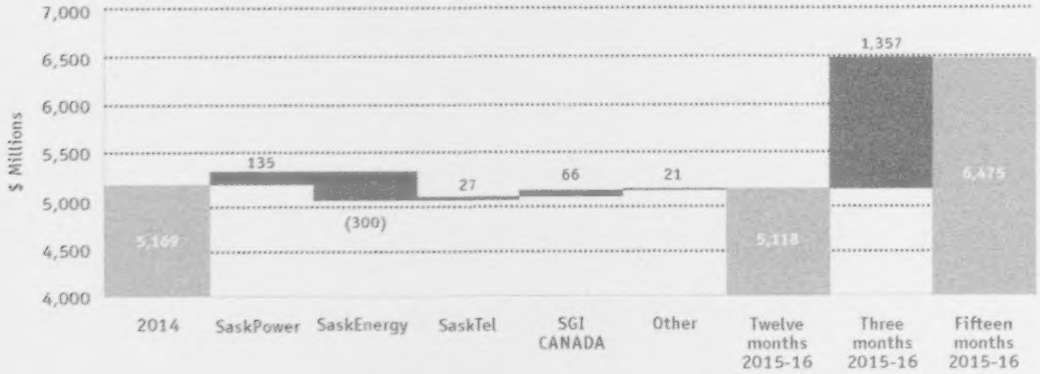
REVENUE

Total revenue was $5,121.8 million for the twelve months 2015-16 (December 2014 - $5,174.8 million), a decrease of $53.0 million. Revenue was $5,118.0 million for the twelve months 2015-16 (December 2014 - $5,169.0 million), a decrease of $51.0 million. Decreased revenues at SaskEnergy were the primary driver of the decrease, partially offset by increases at SaskPower, SaskTel, and SGI CANADA. The decrease in revenue was accompanied by a $2.0 million decrease in other income.

Total revenue was $1,357.5 million for the three months 2015-16, resulting in a total of $6,479.3 million in revenue for the fifteen months 2015-16. Revenue for the three month period was $1,356.5 million accompanied by other income of $1.0 million.

ANALYSIS OF 2015-16 CONSOLIDATED REVENUES AND EXPENSES *(continued)*

CHANGES IN REVENUE



SaskEnergy revenue decreased by $299.8 million due to a large decrease in gas marketing activity relating to a narrowing of current and future natural gas price differentials as compared to 2014.

SaskPower revenue increased by $134.6 million due to an increase in Saskatchewan electricity sales. SaskPower had a 3.0 per cent system-wide average rate increase effective January 1, 2015 and a 2.0 per cent rate increase effective September 1, 2015 combined with increased power usage driven by growth. Also, SaskPower had higher customer contributions for customer connections, carbon dioxide sales, and fees for the use of the Shand Carbon Capture Test Facility.

SaskTel revenue increased by $26.7 million primarily driven by growth in internet subscribers and the wireless customer base, increased revenue per customer related to a mandatory shift to two year price plans, increased customers of *maxTV*™ entertainment services, and increased equipment and device sales primarily related to wireless devices. These are partially offset by a decrease in wireless wholesale revenues due to less revenue from all carriers roaming on SaskTel's network and decreases in local, enhanced service, and long distance revenues as a result of customers moving from wireline to wireless services, commonly referred to as wireless substitution.

SGI CANADA revenue increased by $65.5 million as a result of increased revenue in Saskatchewan, Alberta, and Ontario. Saskatchewan revenue increased primarily as a result of growth in personal lines, which include home, condo, tenant, and personal liability insurance. Alberta experienced large increases in personal lines and personal auto insurance, and Ontario had increases primarily related to increased sales volumes in personal auto insurance.

In the three months 2015-16, SGI CANADA experienced an increase in premiums written due to growth in Saskatchewan personal lines and Alberta personal property and personal auto product lines. SaskTel experienced continued growth in customers and revenue per customer. SaskEnergy had a 4.5 per cent rate increase effective January 1, 2016. These increases were offset by lower than expected revenue at SaskEnergy and SaskPower as a result of warmer than normal weather through the winter months.

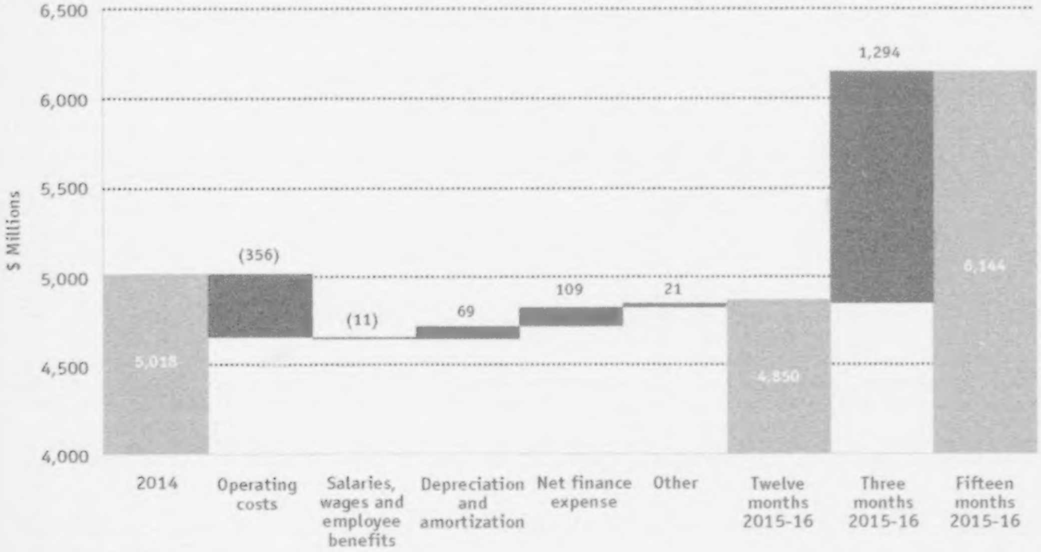
ANALYSIS OF 2015-16 CONSOLIDATED REVENUES AND EXPENSES *(continued)*

OPERATING EXPENSES AND NET FINANCE EXPENSE

Total operating expenses and net finance expense for the twelve months 2015-16 were $4,849.8 million (December 2014 - $5,018.3 million), a decrease of $168.5 million from the same period in 2014. Operating costs and salaries, wages and short-term benefits decreased due to cost restraint initiatives implemented by the Crowns. This decrease was offset by increased depreciation and amortization and net finance expense due to continued capital investment in infrastructure.

Total operating expenses and net finance expense for the three months 2015-16 was $1,294.6 million, resulting in a total of $6,144.4 million for the fifteen months 2015-16. Operating expenses and net finance expense for the three months 2015-16 were consistent with the twelve months 2015-16.

CHANGES IN TOTAL OPERATING AND NET FINANCE EXPENSE



Operating Costs

Operating costs decreased by $356.2 million to $2,543.2 million for the twelve months 2015-16 (December 2014 - $2,899.4 million) primarily due to a $440.2 million decrease in SaskEnergy expenses mainly related to decreases in gas marketing activity relating to a narrowing of current and future price differentials and decreases in commodity purchases. Commodity purchases decreased due to lower gas volume sold to customers related to warm weather. Operating costs also decreased due to the implementation of cost restraint initiatives. These decreases were partially offset by increased third-party transportation costs and safety and integrity program costs.

The decrease in operating costs was partially offset by an increase of $43.0 million in SGI CANADA expenses primarily related to higher commissions and premium taxes correlated with revenue growth and higher claim costs in Alberta and Manitoba related to increased storm activity. These increases were partially offset by a decrease in the number of storm claims in Saskatchewan.

The decrease was also offset by an increase of $21.4 million in SaskPower expenses primarily due to unfavourable, non-cash market value adjustments versus favourable market value adjustments in the same period for 2014 and higher fuel costs related to reduced availability of lower cost hydro generation being replaced by more expensive natural gas generation. These increases were partially offset by lower operating costs realized through cost restraint initiatives.

ANALYSIS OF 2015-16 CONSOLIDATED REVENUES AND EXPENSES *(continued)*

CHANGES IN TOTAL OPERATING AND NET FINANCE EXPENSE *(continued)*

Operating Costs *(continued)*

Operating costs for the three months 2015-16 were $683.7 million, resulting in total operating costs of $3,226.9 million for the fifteen months 2015-16. SaskEnergy, SGI CANADA, SaskPower, and SaskTel experienced operating costs consistent with the twelve months 2015-16.

Salaries, Wages and Employee Benefits

Salaries, wages and employee benefits decreased by $10.6 million to $920.7 million for the twelve months 2015-16 (December 2014 - $931.3 million). The decrease is primarily due to SaskPower decreasing its expenses from a reduction in the number of maintenance hours required to perform overhauls at SaskPower's generation facilities compared to the prior period.

Salaries, wages and employee benefits for the three months 2015-16 were $242.9 million, resulting in a total of $1,163.6 million for the fifteen months 2015-16. During the three months 2015-16, salaries, wages and employee benefits were consistent with the twelve months 2015-16.

Depreciation and Amortization

Depreciation and amortization increased $69.3 million to $776.4 million for the twelve months 2015-16 (December 2014 - $707.1 million) primarily due to a $63.0 million increase at SaskPower attributable to ongoing transmission, distribution, and generation capital expenditures. In addition, following the completion of an internal depreciation study in 2014, the estimated useful lives of certain asset components were changed. The changes in estimates were applied prospectively at January 1, 2015, and resulted in a $7.0 million increase to depreciation expense for the twelve months 2015-16.

Depreciation and amortization expense for the three months 2015-16 was $198.4 million, resulting in a total of $974.8 million for the fifteen months 2015-16. During the three months 2015-16, depreciation and amortization expense was consistent with the twelve months 2015-16.

Saskatchewan Taxes and Fees

Saskatchewan taxes and fees increased by $7.3 million to $155.6 million for the twelve months 2015-16 (December 2014 - $148.3 million) primarily due to a $5.3 million increase in Saskatchewan capital taxes as a result of growth in the Corporation's capital tax base and a $2.0 million increase in gaming fees directly resulting from higher net earnings at SGC.

Saskatchewan taxes and fees for the three months 2015-16 were $38.1 million, resulting in a total of $193.7 million for the fifteen months 2015-16. During the three months 2015-16, Saskatchewan taxes and fees were consistent with the twelve months 2015-16.

Net Finance Expense

Net finance expense increased $108.9 million to $409.3 million for the twelve months 2015-16 (December 2014 - $300.4 million) primarily a result of increases at SaskPower, SaskTel and SaskEnergy.

SaskPower net finance expense increased by $85.5 million primarily due to unfavourable, non-cash market value adjustments related to sinking funds. The decline in value is primarily due to an increase in long-term interest rates which negatively impacts the value of the bonds in the sinking fund portfolio. Net finance expense further increased due to additional interest expense incurred as a result of borrowing levels to finance capital expenditures as well as a decrease in interest capitalized due to the completion of major capital projects. These increases to net finance expense were offset by an increase in sinking fund earnings due to a larger sinking fund portfolio and a decrease in interest on employee benefits compared to the prior period.

ANALYSIS OF 2015-16 CONSOLIDATED REVENUES AND EXPENSES *(continued)*

CHANGES IN TOTAL OPERATING AND NET FINANCE EXPENSE *(continued)*

Net Finance Expense *(continued)*

SaskTel net finance expense increased by $13.9 million primarily driven by unfavourable, non-cash market value adjustments on sinking funds compared to favourable adjustments in the same period in 2014 and increased net interest on the defined benefit liability partially offset by increased sinking fund earnings due to a larger sinking fund portfolio.

SaskEnergy net finance expense increased by $10.8 million primarily due to higher debt financing needed to fund capital expenditure requirements and unfavourable, non-cash market value adjustments on sinking funds, partially offset by increased sinking fund earnings due to a larger sinking fund portfolio.

Net finance expense for the three months 2015-16 was $119.6 million, resulting in a total of $528.9 million for the fifteen months 2015-16. During the three months 2015-16, non-cash market value adjustments on investments and sinking funds continued to be unfavourable and interest expense increases were correlated with higher debt balances.

ANALYSIS OF 2015-16 CONSOLIDATED CAPITAL RESOURCES

CONSOLIDATED DEBT

The Corporation closely monitors the debt levels of its subsidiaries, utilizing the debt ratio as a primary indicator of financial health. The debt ratio measures the amount of debt in a corporation's capital structure. Too high a ratio relative to target, which is determined according to industry standards, indicates a debt burden that may impair a corporation's ability to withstand downturns in revenues and still meet fixed payment obligations.

The ratio is calculated as net debt divided by capitalization at the end of the period.

The Corporation reviews the debt ratio targets of all its subsidiary Crown corporations on an annual basis to ensure comparability with industry standards. This review includes subsidiary Crown corporations' plans for capital spending. The target debt ratios for subsidiary Crown corporations are approved by the CIC Board of Directors. The Corporation uses targeted debt ratios to compile a weighted average debt ratio for the Crown sector. The target ratio for fifteen months 2015-16 was 61.6 per cent. The Corporation is above its targeted debt ratio due to its large infrastructure projects at SaskPower, SaskTel and SaskEnergy.

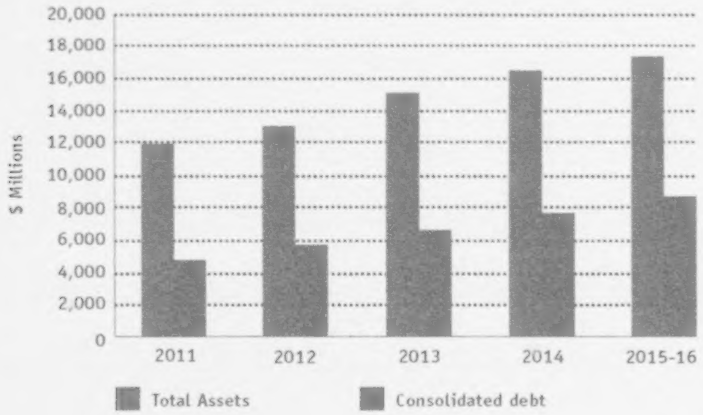
For further information on the Corporation's approach to capital management, refer to Note 23 of the audited consolidated financial statements.

The following table shows the Corporation's consolidated debt level and debt ratio:

	2015-16	2014	2013	2012	2011
Consolidated debt	**$ 8,671.3M**	$ 7,716.1M	$ 6,624.0M	$ 5,709.7M	$ 4,772.1M
Consolidated debt ratio	**62.6%**	60.1%	56.3%	52.5%	48.6%
Consolidated debt ratio target	**61.6%**	57.1%	57.9%	60.3%	55.3%

ANALYSIS OF 2015-16 CONSOLIDATED CAPITAL RESOURCES *(continued)*

CONSOLIDATED DEBT *(continued)*



Debt on a consolidated basis was $8,671.3 million at March 31, 2016 (December 2014 - $7,716.1 million) or an increase of $955.2 million from 2014. The increase is primarily attributed to higher debt at SaskPower ($866.2 million), SaskTel ($86.4 million), and SaskEnergy ($12.4 million). The increase in debt was primarily required to fund a portion of the $1,828.2 million in 2015-16 capital expenditures needed to sustain infrastructure and meet the demand for growth. Debt decreased by $11.4 million at SIIF due to principal loan repayments to the Government of Canada pursuant to the Immigrant Investor Program (IIP). Over the last three periods, consolidated debt has increased $2,961.6 million in support of increased assets of $4,310.4 million.

CAPITAL SPENDING

Capital spending (property, plant and equipment, investment property and intangible asset purchases) decreased $375.8 million to $1,541.2 million for the twelve months 2015-16 (December 2014 - $1,917.0 million). Major capital expenditures included:

- $962.0 million at SaskPower related to renewing generation assets such as repowering the Queen Elizabeth Power Station in Saskatoon, connecting customers to the electric system, increasing capacity, sustaining transmission and distribution infrastructure, and information technology projects;
- $307.7 million at SaskTel on growth initiatives such as Fibre to the Premise, wireless network enhancements, and network growth and enhancements. These investments will provide increased internet access speeds, enhanced *maxTV*™ services, increased roaming capacity and data speeds, enhanced customer interface, and expanded service offerings;
- $214.0 million at SaskEnergy primarily on system expansion to meet residential and industrial customer growth to ensure the safety and integrity of its extensive distribution and transmission systems; and
- $45.9 million at SaskWater primarily related to pipeline design and construction, pump station upgrades and canal improvements to provide service to the potash industry.

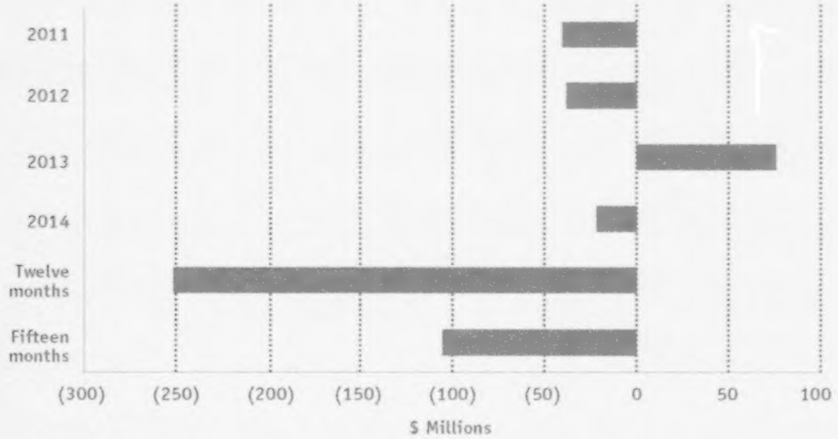
Capital spending for the three months 2015-16 was $287.0 million, resulting in total capital spending of $1,828.2 million for the fifteen months 2015-16. Major capital expenditures included $184.0 million at SaskPower, $69.3 million at SaskTel, and $26.7 million at SaskEnergy primarily related to growth initiatives and sustaining infrastructure.

ANALYSIS OF 2015-16 CONSOLIDATED CAPITAL RESOURCES *(continued)*

OPERATING, INVESTING AND FINANCING ACTIVITIES

Cash and cash equivalents for the fifteen months 2015-16 decreased $105.8 million. A more detailed discussion of cash flows from operating, investing and financing activities is included on the pages following.

Net Change in Cash and Cash Equivalents



Cash Flow Highlights
(millions of dollars)

	Fifteen months 2015-16	Twelve months 2015-16	2014
Net cash from operations	$ 1,126.0	$ 928.6	$ 967.0
Net cash used in investing activities	(1,777.0)	(1,625.5)	(1,893.6)
Net cash (used in) from financing activities			
Dividends paid	(297.2)	(262.2)	(206.0)
Equity advances repaid to GRF	-	-	-
Debt proceeds received	863.5	672.5	1,260.2
Debt repaid	(92.7)	(74.2)	(68.6)
Change in notes payable	169.7	179.2	(108.4)
Other financing activities	(98.1)	(70.5)	27.5
Change in cash and cash equivalents	$ (105.8)	$ (252.1)	$ (21.9)

ANALYSIS OF 2015-16 CONSOLIDATED CAPITAL RESOURCES *(continued)*

OPERATING, INVESTING AND FINANCING ACTIVITIES *(continued)*

Operating Activities

Cash from operations decreased by $38.4 million to $928.6 million for the twelve months 2015-16 (December 2014 - $967.0 million). The decrease is primarily a result of a $259.8 million decrease in non-cash working capital balances, due to increased accounts receivable and decreased accounts payable at SaskPower, and a $24.4 million increase in interest paid, attributed to higher consolidated debt balances. These decreases were mostly offset by a $115.3 million increase in net earnings and a $128.6 million increase in adjustments to reconcile net earnings to cash from operating activities.

Cash from operations for the three months 2015-16 was $197.4 million, resulting in total cash from operations of $1,126.0 million for the fifteen months 2015-16. The increase from December 31, 2015 was primarily due to net earnings in the three month period and an increase in adjustments to reconcile net earnings to cash from operating activities (Note 30 in the consolidated financial statements). These increases were partially offset by a decrease in non-cash working capital balances and increased interest paid on debt balances.

Investing Activities

Cash used in investing activities decreased $268.1 million to $1,625.5 million for the twelve months 2015-16 (December 2014 - $1,893.6 million) primarily due to a $375.8 million decrease in capital expenditures at SaskPower and SaskEnergy as major capital projects were completed. Cash used in investing activities was further reduced by a $19.8 million decrease in restricted cash and cash equivalents. This decrease relates to restricted cash at SIIF that was released for principal loan repayments to the Government of Canada.

The above decreases were partially offset by a net $127.6 million increase in cash outflows primarily related to CIC Separate and SGI CANADA investment portfolio management. A $160.8 million increase in investment purchases was partially offset by a $35.6 million increase in proceeds from the sale and collection of investments. The changes, year-over-year, in CIC Separate are mostly the result of reclassifications of cash between cash and cash equivalents and short-term investments. Short-term investments that have a maturity date of 90 days or less are classified as cash and cash equivalents. SGI CANADA changes were related to turning over its investment portfolio to change its asset mix during the period.

Cash used in investing activities for the three months 2015-16 was $151.5 million, resulting in total cash used in investing activities of $1,777.0 million for the fifteen months 2015-16. The increase in cash used from December 31, 2015 was primarily due to continued capital investment, partially offset by net proceeds from the sale and collection of investments.

Financing Activities

Net cash from financing activities was $444.8 million for the twelve months 2015-16 (December 2014 - $904.8 million). The $460.0 million decrease in cash inflows was primarily due to a $587.6 million decrease in debt proceeds primarily due to reduced capital spending and a $103.7 million increase in cash outflows from debt repaid by SaskEnergy, SaskPower, and SIIF and other financing activities. The cash flows were further reduced by a $56.2 million increase in dividends to the GRF.

This was partially offset by a $287.6 million change in notes payable as the Corporation increased its notes payable by $179.2 million compared to a decrease of $108.4 million in the same period in 2014. This was due to more short-term financing being used to fund capital projects.

Cash provided by financing activities for the three months 2015-16 was $100.4 million, resulting in total cash provided by financing activities of $545.2 million for the fifteen months 2015-16. The increase in cash provided from December 31, 2015 was primarily due to debt proceeds received from the GRF for the funding of ongoing capital projects.

COMPARISON OF 2015-16 RESULTS WITH BUDGET
(millions of dollars)

	Fifteen months 2015-16 Earnings Actual	Twelve months 2015-16 Earnings Budget[1]	Twelve months 2015-16 Earnings Actual	Fifteen months 2015-16 CIC Dividends Actual	Twelve months 2015-16 CIC Dividends Budget	Twelve months 2015-16 CIC Dividends Actual
SaskPower	$ 25.9	$ 82.1	$ 39.7	$ -	$ -	$ -
SaskTel	126.7	76.8	97.7	37.5	30.0	30.0
SaskEnergy	110.9	77.5	85.3	64.7	39.9	44.0
SGI CANADA	84.5	36.6	61.7	47.3	25.0	25.0
SGC	32.7	25.9	26.9	26.1	20.6	21.5
SaskWater	7.3	4.7	6.4	1.9	1.2	1.7
CIC AMI	4.6	2.5	3.6	-	-	-
SOCO	1.6	7.1	1.3	1.5	1.4	1.2
STC	0.3	0.1	0.7	-	-	-
SIIF	(2.4)	0.1	(0.7)	-	-	-
CIC (separate)	153.5	99.7	106.8	-	-	-
Other[2]	(203.6)	(121.4)	(151.4)	5.4	4.3	4.3
Totals	$ 342.0	$ 291.7	$ 278.0	$ 184.4	$ 122.4	$ 127.7

[1] Crown corporations were not required to have a Board approved three month 2015-16 budget when transitioning to a March 31, 2016 year end.

[2] Includes First Nations and Métis Fund, Gradworks Inc., CIC Economic Holdco Ltd., and consolidation adjustments. Consolidation adjustments reflect the elimination of all inter-entity transactions, such as grants from CIC to Crown corporations, revenues and expenses between Crown corporations, and dividends paid by Crown corporations to CIC.

The preceding table shows results for the commercial Crown corporations in 2015-16 in comparison to business plan targets. Consolidated earnings for the twelve months 2015-16 of $278.0 million were $13.7 million lower than budgeted earnings of $291.7 million. Dividends to CIC in the twelve months 2015-16 of $127.7 million were $5.3 million above budgeted dividends of $122.4 million. Dividend revenue is typically proportionate to the operating earnings of the dividend paying Crown corporations. Accordingly, the dividend variances reported for all subsidiaries mainly relate to favourable or unfavourable actual versus budgeted earnings impacts. Earnings variances are explained as follows:

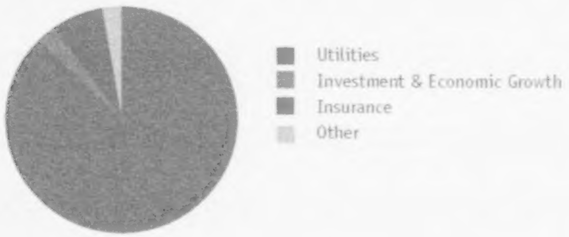
- SaskPower earnings were $42.4 million lower than budget primarily due to unrealized market value losses on sinking funds and natural gas contracts;
- SaskTel earnings were $20.9 million higher than budget due to lower expenses from cost restraint initiatives and reduced depreciation and amortization due to timing of capital expenditures and useful life changes;
- SaskEnergy earnings were $7.8 million higher than budget primarily due to transmission revenues and revenue from customer contributions being higher than budget. This was partially offset by above average temperatures in the winter months reducing heating demand. In addition, cost restraint initiatives led to reduced costs;
- SGI CANADA earnings were $25.1 million higher than budget primarily due to strong foreign equity returns due to the low Canadian dollar;
- SGC earnings were $1.0 million higher than budget due to cost restraint initiatives partially offset by declining revenue due to the mature gaming market;
- SaskWater earnings were $1.7 million higher than budget due to project management services related to the potash industry;

COMPARISON OF 2015-16 RESULTS WITH BUDGET *(continued)*

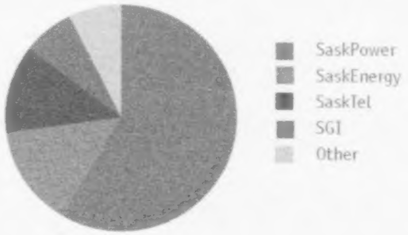
- CIC AMI earnings were $1.1 million higher than budget primarily due to a recovery on the provision for environmental liabilities and cost restraint initiatives;
- SOCO earnings were $5.8 million lower than budget primarily due to the Prince Albert Forest Centre building not being sold in the period. The budget reflected the assumption that the building would be sold generating a gain, but offers were below the listed price and the property was not sold during the period;
- STC earnings were $0.6 million higher than budget primarily due to decreases in operating costs from lower gas prices and cost restraint initiatives. The decreases in operating expenses were mostly offset by lower than budgeted passenger revenue primarily due to low consumer gas prices in comparison to STC's rates and decreased brand recognition from reduced advertising;
- SIIF earnings were $0.8 million lower than budget primarily due to declining monthly allocations from the Government of Canada resulting in lower interest revenue and lower revenue recognized through premiums on debt due to the Government of Canada. Expenses were also higher than budget due to higher interest expense from the unwinding of premiums and higher than budgeted management fees as a result of outstanding mortgages being higher than anticipated; and
- CIC Separate earnings were $7.1 million higher than budget due to higher than expected dividend revenue from subsidiary corporations and lower expenses due to cost restraint initiatives.

SEGMENTED INFORMATION

TOTAL ASSETS BY BUSINESS SEGMENT



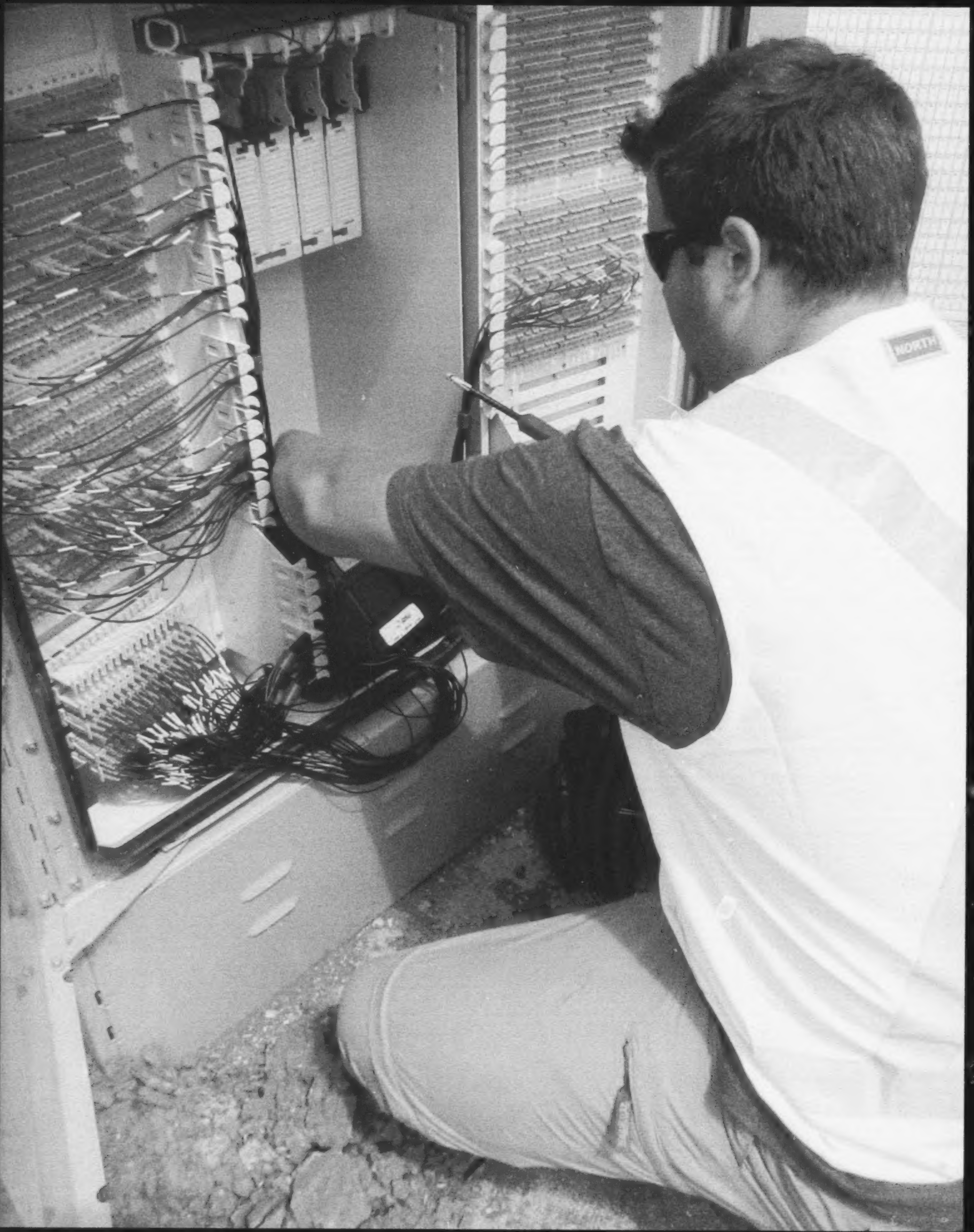
TOTAL ASSETS BY CORPORATION



(millions of dollars)	Utilities		Entertainment		Insurance		Transportation		Investment & Economic Growth		Other[1]		Total	
	Fifteen months 2015-16	2014	Fifteen months 2015-16	2014	Fifteen months 2015-16	2014	Fifteen months 2015-16	2014	Fifteen months 2015-16	2014	Fifteen months 2015-16	2014	Fifteen months 2015-16	2014
Statement of Income														
Total revenue	5,602	4,554	158	128	787	562	18	16	51	43	(137)	(128)	6,479	5,175
Operating expenses & other	(4,753)	(4,098)	(124)	(102)	(748)	(567)	(18)	(16)	(52)	(32)	80	97	(5,615)	(4,718)
Net finance (expenses) income	(579)	(350)	(1)	(1)	45	47	-	-	3	-	3	4	(529)	(300)
Earnings (loss) before the following:	270	106	33	25	84	42	-	-	2	11	(54)	(27)	335	157
Share of net earnings from equity accounted investees	2	2	-	-	-	-	-	-	-	(1)	5	5	7	6
Loss from discontinued operations	-	-	-	-	-	(1)	-	-	-	-	-	-	-	(1)
Net gain on sale of equity accounted investees	-	-	-	-	-	-	-	-	-	1	-	-	-	1
Earnings (loss)	272	108	33	25	84	41	-	-	2	11	(49)	(22)	342	163
Statement of Financial Position														
Current assets	1,136	1,092	19	11	540	477	4	4	193	188	122	289	2,014	2,061
Investments & other	818	726	-	-	649	682	-	-	100	122	82	97	1,649	1,627
Capital assets[2]	13,511	12,621	59	62	24	30	36	36	168	168	(59)	(63)	13,739	12,854
	15,465	14,439	78	73	1,213	1,189	40	40	461	478	145	323	17,402	16,542
Current liabilities	2,860	2,699	23	22	604	626	3	4	76	29	(78)	(59)	3,488	3,321
Long-term debt	6,722	6,071	-	2	-	-	-	-	162	224	-	-	6,884	6,297
Finance lease obligations	1,126	1,130	6	7	-	-	-	-	-	-	-	-	1,132	1,137
Other	1,018	904	-	-	269	258	30	30	48	48	(56)	(63)	1,309	1,177
	11,726	10,804	29	31	873	884	33	34	286	301	(134)	(122)	12,813	11,932
Province's equity	3,739	3,635	49	42	340	305	7	6	175	177	279	445	4,589	4,610
	15,465	14,439	78	73	1,213	1,189	40	40	461	478	145	323	17,402	16,542
Statement of Cash Flows														
Operating activities														
Ongoing operations	1,060	907	41	33	40	45	-	-	8	4	(23)	(20)	1,126	969
Discontinued operations	-	-	-	-	-	(2)	-	-	-	-	-	-	-	(2)
	1,060	907	41	33	40	43	-	-	8	4	(23)	(20)	1,126	967
Investing activities														
Capital asset purchases[2]	(1,812)	(1,902)	(5)	(2)	(2)	(4)	(4)	(3)	(5)	(6)	-	-	(1,828)	(1,917)
Other	13	(1)	-	-	6	(33)	-	-	28	22	4	35	51	23
	(1,799)	(1,903)	(5)	(2)	4	(37)	(4)	(3)	23	16	4	35	(1,777)	(1,894)
Financing activities														
Debt proceeds	861	1,233	-	-	-	-	-	-	2	27	-	-	863	1,260
Debt repayments	(73)	(61)	(2)	(8)	-	-	-	-	(18)	-	-	-	(93)	(69)
Dividends paid	(79)	(108)	(26)	(17)	(36)	(31)	-	-	(2)	(46)	(154)	(4)	(297)	(206)
Equity (repaid) received	-	-	-	(4)	-	-	-	-	(2)	(37)	2	41	-	-
Other	74	(80)	(1)	-	-	-	3	4	(2)	-	(2)	(4)	72	(80)
	783	984	(29)	(29)	(36)	(31)	3	4	(22)	(56)	(154)	33	545	905
Change in Cash	44	(12)	7	2	8	(25)	(1)	1	9	(36)	(173)	48	(106)	(22)

[1] Other includes the operations of CIC (separate), First Nations and Métis Fund, Gradworks Inc., CIC Economic Holdco Ltd., and consolidation adjustments.

[2] Capital assets include property, plant and equipment, investment property and intangible assets.



SaskPower

In the fifteen months 2015-16, SaskPower invested nearly $1,178 million in Saskatchewan's electrical system for our power future.

COMPARISON OF TWELVE MONTHS ENDED DECEMBER 31, 2015 WITH 2014 RESULTS

- Earnings of $39.7 million
  (December 2014 - $59.6 million) decreased primarily due to higher unfavourable market value adjustments on natural gas hedges, electricity contracts, and sinking funds.
- Revenue of $2,296.7 million
  (December 2014 - $2,157.6 million) increased largely due to higher Saskatchewan electricity sales resulting from the system-wide average rate increase of 3.0 per cent that became effective January 1, 2015. An additional system-wide average rate increase of 2.0 per cent effective September 1, 2015, also contributed to the higher revenue realized. Electricity sales volumes to Saskatchewan customers were 21,625 GWh, up 236 GWh or 1.1 per cent compared to the prior year. Other revenue increased as a result of higher customer contributions as well as rental fees from the Shand Carbon Capture Test Facility.
- Expenses of $2,193.1 million
  (December 2014 - $2,114.4 million) increased mainly due to capital-related expenses, including depreciation and finance charges as a result of SaskPower's capital program. Fuel and purchased power costs increased as a result of higher fuel costs related to reduced availability of lower cost hydro generation being replaced by more expensive natural gas generation. Operating costs were down compared to 2014, as a result of reduced maintenance and cost restraint initiatives.
- SaskPower recorded $63.9 million in unfavourable market value adjustments
  (December 2014 - $16.4 million net gains). The market value adjustments represent the change in the market value of SaskPower's outstanding natural gas hedges, electricity contracts and sinking funds.
- Gross long-term debt, short-term debt, and finance leases of $7,040.2 million
  (December 2014 - $6,383.5 million) increased due to additional borrowings during the year to finance capital expenditures.
- SaskPower invested $990.3 million
  (December 2014 - $1,279.0 million) in various capital projects (including capitalized interest), including new generation, customer connects, and sustaining transmission and distribution infrastructure.
- Dividends declared to CIC were Nil
  (December 2014 - Nil).

OVERVIEW OF THREE MONTHS ENDED MARCH 31, 2016 RESULTS

- For the three months ended March 31, 2016, SaskPower's loss was $13.8 million.
- Revenue was $590.4 million, with electricity sales volumes of 5,757 GWh to Saskatchewan customers.
- Expenses were $570.6 million and SaskPower recognized $33.6 million in unfavourable market value adjustments.

KEY FINANCIAL DATA

	Fifteen months 2015-16 Actual	Twelve months 2015-16 Actual	2014 Actual	2013 Actual	2012 Actual	2011 Actual
Earnings	$ 25.9M	$ 39.7M	$ 59.6M	$ 113.8M	$ 135.5M	$ 248.0M
Operating earnings	$ 123.4M	$ 103.6M	$ 43.2M	$ 167.2M	$ 129.4M	$ 238.7M
Dividend declared to CIC	Nil	Nil	Nil	Nil	$ 120.0M	Nil
Total assets	$ 10,433.8M	$ 10,283.7M	$ 9,674.5M	$ 8,604.4M	$ 6,969.2M	$ 6,281.7M
ROE	1.2%	1.8%	2.7%	5.6%	6.8%	13.7%
Debt ratio	75.7%	74.8%	73.1%	69.8%	67.1%	63.0%

- SaskPower invested $186.9 million in various capital projects (including capitalized interest), which include capital for transmission and distribution, new customer connections, and maintaining generation assets.
- Gross long-term debt, short-term debt, and finance leases of $7,244.2 million at March 31, 2016, were up $204.0 million from December 31, 2015, due to additional long-term borrowings.

2016-17 OUTLOOK

- Operating earnings are expected to increase in 2016-17 to $181.3 million largely as a result of higher revenues. Saskatchewan electricity sales are expected to increase due to anticipated system-wide average rate increases of 5.0 per cent, effective July 1, 2016 and an additional 5.0 per cent increase effective January 1, 2017. An increase in domestic demand and cost restraint initiatives are also expected to significantly contribute to the increased earnings.
- This increase in revenues is expected to be partially offset by higher expenses. Capital-related expenses, including depreciation, finance charges, taxes, and other expenses, are expected to increase as a result of capital investments made in recent years.
- SaskPower plans to continue making significant investments in its generation, transmission and distribution infrastructure, with anticipated capital expenditures of approximately $899.0 million in 2016-17.

KEY ENTERPRISE RISKS, MITIGATIONS AND ACTION PLANS

- SaskPower is challenged by the speed at which stakeholder and customer demands and expectations are changing, the need for new energy supply, growing capital requirements, increasing debt, rate increases, and evolving technologies and regulatory requirements.
- SaskPower's asset maintenance is critical to infrastructure reliability, system security and availability. By assessing critical asset performance, cost and risk, integrating infrastructure planning across the organization and developing a responsive asset management plan, SaskPower is able to optimize capital spending and manage its assets efficiently and effectively.
- SaskPower has identified the need to invest significant amounts of capital in long-term projects to ensure continuing reliability; maintain, upgrade and expand infrastructure; and meet emerging environmental requirements including a more diversified supply portfolio. In response, SaskPower is building on its asset management strategy and is modifying its capital allocation methodology. Enhancements to the capital allocation process will focus on allocating funding based on long-term risk based asset strategies and the risk of being unable to maintain reliability, serve new load growth or meet evolving regulatory requirements.
- SaskPower may be subject to criminal or malicious attacks, both in cyber and physical ways, potentially resulting in disruption of business operations and services, and loss of or damage to information, facilities and equipment. SaskPower maintains industry standard policies, processes and technical safeguards including the development of a data loss prevention program, vulnerability and threat management practices, and security analytics and reporting to ensure only authorized access and use of its information systems and corporate assets.
- SaskPower is reviewing its project management practices to further incorporate an enterprise risk management approach and to identify improvements in process safety management, strategic procurement and contract management.

KEY OPERATIONAL DATA

	Fifteen months 2015-16	Twelve months 2015-16	2014	2013	2012	2011
Total customer accounts	521,745	520,315	511,941	500,879	490,611	481,985
Gross electricity supplied (gigawatt hours)	30,174	23,744	23,424	23,155	22,129	21,611
Available generating capacity (net megawatts)	4,437	4,436	4,181	4,281	4,104	4,094
Annual peak load (net megawatts)	3,640	3,628	3,561	3,543	3,314	3,195
Power lines (kilometres)	156,984	157,256	155,808	152,642	152,133	152,842
Full time equivalents	3,777	3,664	3,329	3,627	3,419	3,290

SaskTel

SaskTel's business is about more than just technology and world-class infrastructure–it is about community, employees who make a difference, outstanding customer experiences, and connecting our shareholders–the people of Saskatchewan–to their world.

COMPARISON OF TWELVE MONTHS ENDED DECEMBER 31, 2015 WITH 2014 RESULTS

- SaskTel's communication services continue to expand throughout the province with approximately 1.4 million customer connections. SaskTel continued expansion of Fibre to the Premises (FTTP), a program to provide broadband access to the province, as well as upgrades and expansion of the wireless network including the purchase of additional spectrum to increase speed and capacity.
- Earnings were $97.7 million (December 2014 - $76.4 million), up $21.3 million from 2014, and cash provided by operating activities was $250.0 million (December 2014 - $271.0 million).
- Total operating revenues increased to $1,257.7 million (December 2014 - $1,231.0 million), up $26.7 million or 2.2 per cent from 2014, primarily due to continued growth in the average revenue per unit (ARPU) for *maxTV*™, wireless, Internet and data services, as well as increased equipment sales for both business grade communications systems and consumer wireless devices.
- Total operating expenses were $1,126.6 million (December 2014 - $1,133.7 million), down $7.1 million from 2014 primarily due to cost restraint initiatives partially offset by increased costs to support growth in business communications systems and consumer wireless devices. In addition, depreciation and amortization decreased $4.6 million primarily due to extending the useful lives of certain software assets, partially offset by increased plant under construction.
- Net financing expense increased to $36.5 million (December 2014 - $22.6 million), up $13.9 million or 61.5 per cent from 2014. This was primarily driven by unfavourable market value adjustments on sinking funds, an outcome of higher interest rates on fixed interest rate investments.
- Capital expenditures for the twelve months were $307.7 million (December 2014 - $282.7 million), up $25.0 million from 2014. SaskTel's capital spending was related to FTTP, enhancements to the wireless networks, and the purchase of spectrum licenses.
- Debt increased to $1,012.3 million (December 2014 - $920.1 million) due to the issuance of short-term debt during the year. The overall level of debt increased to support increased investing activities.
- The debt ratio of 51.3 per cent (December 2014 - 52.8 per cent) decreased as a result of higher equity from increased earnings and reduced dividends, partially offset by an increase in net debt.
- Return on equity increased to 12.7 per cent (December 2014 - 10.5 per cent) due to higher earnings.
- Dividends of $30.0 million were declared (December 2014 - $53.3 million).

KEY FINANCIAL DATA

	Fifteen months 2015-16 Actual	Twelve months 2015-16 Actual	2014 Actual	2013 Actual	2012 Actual	2011 Actual
Earnings	$ 126.7M	$ 97.7M	$ 76.4M	$ 90.8M	$ 106.3M	$ 154.0M
Operating revenue	$ 1,574.4M	$ 1,257.7M	$ 1,231.0M	$ 1,205.7M	$ 1,182.4M	$ 1,125.6M
Dividend declared to CIC	$ 37.5M	$ 30.0M	$ 53.3M	$ 81.1M	$ 84.3M	$ 138.6M
Total assets	$ 2,253.1M	$ 2,229.7M	$ 2,068.9M	$ 1,993.7M	$ 1,793.7M	$ 1,635.2M
ROE	16.8%	12.7%	10.5%	14.0%	14.4%	20.7%
Debt ratio	51.9%	51.3%	52.8%	49.1%	43.5%	37.6%

OVERVIEW OF THREE MONTHS ENDED MARCH 31, 2016 RESULTS

- Earnings for the three months ended March 31, 2016 were $29.0 million, consisting of revenues of $316.7 million, other income of $1.4 million, expenses of $280.8 million and net finance expense of $8.3 million. Operations during three months ended March 31, 2016 were generally consistent with those of the twelve months ended December 31, 2015.
- Debt decreased to $1,006.5 million due to the net repayment of short-term debt from cash generated by operations.
- Dividends of $7.5 million were declared.

2016-17 OUTLOOK

- SaskTel is targeting earnings of $104.2 million in 2016-17.
- SaskTel is experiencing changes in customer demands, rapidly evolving technology, increasing competition, and regulatory instability that are contributing to pressures on SaskTel's revenues, costs, and profit margins. Significant investments in capital programs that are transforming SaskTel's networks, operations, and service offerings are continuing in order to keep SaskTel competitive.
- Throughout 2016-17, SaskTel will be focusing on revenues from the business market including managed and emerging services. In addition, revenues from growth initiatives including cellular, Internet and *maxTV*™ services are projected to increase, while revenues from local and long distance services are expected to decline.
- Expenses are expected to stay relatively flat for 2016-17.
- SaskTel has budgeted approximately $330.7 million on capital expenditures during 2016-17.

KEY ENTERPRISE RISKS, MITIGATIONS AND ACTION PLANS

- Policy decisions made by the federal government and its agencies often increase costs and the complexity of SaskTel's business. SaskTel continues to take a proactive, multifaceted approach while participating in their policy reviews.
- To meet customer needs, SaskTel continues its transformation from a traditional telecom to an Information and Communications Technology company. To be successful, SaskTel must develop and launch the right products and services, and create the right operating environment and business model.
- As a full service provider, SaskTel operates a complex operational and business support system environment. Continuous product evolution and increasing competitive activity is driving the need for greater speed and agility. A future state architecture roadmap, which includes major projects, some of which are already in progress, is in place.
- SaskTel must maintain a competitive broadband service offering for both wireline and wireless networks. Competiveness is maintained in the broadband market through strong commitment to customer service and continuous monitoring of competitive pricing and products. Plans are in place to evolve service offerings, accelerate the penetration rate of customers on fibre, and improve self-service capabilities and network infrastructure.
- With more than 1,600 locations of property, plant and equipment throughout the province, SaskTel faces significant business interruption risk. SaskTel implemented stringent loss prevention programs as well as a Business Continuity Management program to respond to events where critical business functions and processes are disrupted.

KEY OPERATIONAL DATA

	Fifteen months 2015-16	Twelve months 2015-16	2014	2013	2012	2011
Full time equivalents	3,956	3,950	3,999	4,079	4,031	4,053
Wireless accesses	614,221	615,907	618,083	615,694	607,659	594,405
Wireline accesses	404,928	409,923	437,486	464,204	490,263	513,637
Internet (includes *maxTV*™)	266,237	268,444	258,547	254,873	250,068	246,472
MaxTV™ subscribers	107,321	106,392	103,716	101,147	97,262	93,960

SaskEnergy

SaskEnergy's performance in the fifteen months 2015-16 was significantly stronger than during 2014, reflecting a return to more normal operations following the very difficult operating conditions experienced during 2014.

COMPARISON OF TWELVE MONTHS ENDED DECEMBER 31, 2015 WITH 2014 RESULTS

- SaskEnergy's performance was significantly stronger than 2014. The first three months of 2014 presented some of the coldest weather ever experienced by SaskEnergy which drove transmission operations to its design capacity, drained gas in storage, and created challenging conditions resulting in higher operating expenses. In contrast, the first three months of 2015 were unseasonably warm, and while it reduced heating load and challenged delivery revenue, SaskEnergy added customers, increased throughput on its transmission system throughout the year and effectively managed costs, reducing operating expenses by $8.8 million from 2014. SaskEnergy ended the period with earnings from operations of $87.9 million, compared to $47.0 million in 2014.
- Natural gas and natural gas liquid prices can drive significant volatility, as evidenced by a $2.6 million unfavourable market value adjustment compared to $80.0 million in 2014. As a result, SaskEnergy experienced earnings of $85.3 million (December 2014 - $33.0 million loss).
- Revenues were $809.0 million (December 2014 - $1,108.2 million) and expenses were $674.0 million (December 2014 - $1,105.1 million) reflecting lower natural gas prices and lower operating expenses compared to 2014.
- Net finance expense increased to $49.0 million (December 2014 - $37.1 million), primarily related to unfavourable market value adjustments on sinking funds, an outcome of higher interest rates on fixed interest rate investments.
- Capital investment totaled $214.0 million (December 2014 - $286.4 million). Customer growth and system expansion capital expenditures declined to normal levels, after a $70.0 million investment in the Bayhurst-to-Rosetown pipeline expansion project in 2014. The majority of the capital investment was focused on system expansion (a result of Saskatchewan residential and industrial growth as well as changes in natural gas supply) and safety and integrity programming.
- Cash from operations provided a significant source of financing for SaskEnergy's capital investment. As a result, gross debt only increased by $37.7 million from 2014, to $1,295.1 million at December 31, 2015.
- Dividends of $44.0 million (December 2014 - $17.4 million) were declared to CIC based on forecasted operating earnings.

KEY FINANCIAL DATA

	Fifteen months 2015-16 Actual	Twelve months 2015-16 Actual	2014 Actual	2013 Actual	2012 Actual	2011 Actual
Earnings (loss)	$ 110.9M	$ 85.3M	$ (33.0M)	$ 78.9M	$ 106.8M	$ 25.5M
Operating earnings	$ 134.7M	$ 87.9M	$ 47.0M	$ 79.0M	$ 72.4M	$ 83.9M
Dividends declared to CIC	$ 64.7M	$ 44.0M	$ 17.5M	$ 30.4M	$ 27.2M	$ 39.1M
Total assets	$ 2,450.6M	$ 2,464.2M	$ 2,379.6M	$ 2,207.6M	$ 2,037.1M	$ 1,924.0M
ROE	18.8%	12.3%	6.5%	11.0%	11.0%	13.6%
Debt ratio	61.0%	61.9%	62.6%	58.8%	59.3%	60.3%

OVERVIEW OF THREE MONTHS ENDED MARCH 31, 2016 RESULTS

- For the three months ended March 31, 2016, income before market value adjustments was consistent with results from prior years. Weather for the first three months of 2016 was 14.0 per cent warmer than normal, resulting in lower delivery volumes and commodity sales to customers. A commodity rate decrease effective January 1, 2016 was offset by delivery and transportation service rate increases.

2016-17 OUTLOOK

- SaskEnergy's business success results from ensuring its strategic directions continue to evolve in alignment with the Crown Sector Strategic Priorities.
- Declining oil and natural gas prices through 2015 and 2016 have adversely affected the provincial economy. However, provincial demand for natural gas is expected to continue growing, as major customers in potash production and natural gas power generation expand operations through 2016-17.
- SaskEnergy is projecting to invest more than $600.0 million in aging pipeline systems over the next three years. The additional load growth will generate more revenue as well as increase operating costs.
- SaskEnergy continues to focus on productivity and efficiency initiatives. Since 2009, SaskEnergy has achieved $38.0 million of operating efficiency savings and another $4.0 million has been targeted for 2016-17.
- SaskEnergy's financial performance is expected to remain strong. Capital expenditure requirements and rising costs will remain a challenge throughout the forecast period as SaskEnergy adjusts to continued customer load growth, infrastructure renewal, and shifting natural gas supply dynamics. A low natural gas price environment will continue to create challenges from a gas marketing perspective, but will create opportunities to reduce commodity rates to customers. SaskEnergy will continue to focus on providing safe and reliable service to its customers and investing in safety and growth initiatives while actively seeking operating and capital deployment efficiencies through collaboration and technology initiatives.

KEY ENTERPRISE RISKS, MITIGATIONS AND ACTION PLANS

- Pipeline, facility and operational failure could disrupt SaskEnergy's natural gas storage, distribution, and transmission infrastructure, negatively impacting public safety, the environment, and customers. Some of the primary processes used to mitigate this risk include system integrity; public awareness and safety programs; employee and operator training; and environmental policies and procedures. The financial impact of this risk is also mitigated, where possible and appropriate, through insurance.
- SaskEnergy is exposed to the risk of higher costs, delays, or even project cancellations due to pressure by landowners and other interest groups. Through various programs and strategies, including stakeholder engagement, Aboriginal consultation, environmental assessments, and public awareness, SaskEnergy works proactively with landowners and other interest groups to identify and develop appropriate responses to concerns regarding expansion and development of infrastructure.
- The transition from a net natural gas exporter to a net natural gas importer, a consequence of the substantial decline in natural gas production within Saskatchewan, has added complexity and increased costs for the transmission system to ensure that supply is available when and where needed. SaskEnergy manages this risk through the business planning process, supply and demand forecasting and stakeholder consultation with existing and potential large customers. This also adds complexity from a supply planning perspective that is managed through SaskEnergy's gas procurement strategy.

KEY OPERATIONAL DATA

	Fifteen months 2015-16	Twelve months 2015-16	2014	2013	2012	2011
Total distribution customers	386,886	385,858	380,768	373,436	365,749	358,363
Residential average usage (m^3)	3,579	2,534	3,006	3,020	2,696	2,851
Distribution pipelines (km)	69,547	69,489	69,015	68,612	68,092	67,692
Transmission pipelines (km)	15,156	15,156	15,174	15,042	14,979	14,797
Compressor horsepower (HP)	82,615	82,615	95,660	94,020	92,570	91,420
Peak day gas flows (Petajoules)	1.35	1.31	1.42	1.26	1.20	1.09
Full-time equivalents	1,138	1,139	1,167	1,146	1,157	1,151

SaskWater

SaskWater enjoyed strong financial results in the fifteen months 2015-16, with much of the increase attributed to a major new industrial customer coming online and increased consumption from existing industrial customers.

COMPARISON OF TWELVE MONTHS ENDED DECEMBER 31, 2015 WITH 2014 RESULTS

- SaskWater experienced another profitable period of earnings at $6.4 million (December 2014 - $5.5 million).
- Results from operating activities were $2.3 million higher than 2014. Water volumes for both potable and non-potable customers increased, as did the level of project management work primarily for potential new potash mines. This was offset by higher financing costs of $1.4 million, largely due to differences in market value adjustments on sinking funds, an outcome of higher interest rates on fixed interest rate investments.
- Total water services volumes were 45.7 million m^3 (December 2014 - 38.0 million m^3), an increase of 7.7 million m^3. 3.7 million m^3 of the increase relates to a new industrial customer ramping up with the majority of the remaining increase related to the year-over-year change in industrial customer usage.
- Total capital spending was $45.9 million (December 2014 - $81.2 million). The decrease was largely the result of a major new water supply system that was being built over a three year period nearing completion. SaskWater's investment in capital spending, net of customer contributions, was $12.7 million, an increase of $3.4 million over 2014.
- Debt at December 31, 2015 was $61.7 million (December 2014 - $58.8 million), an increase of $2.9 million. The increase in debt was used to fund a portion of SaskWater's capital spending during the period.
- The combined effects of continued improved earnings and a low overall increase in debt resulted in a debt ratio of 44.8 per cent (December 2014 - 45.0 per cent).

OVERVIEW OF THREE MONTHS ENDED MARCH 31, 2016 RESULTS

- The overall result for the three months ended March 31, 2016 was earnings of $0.9 million which was in line with expectations. Revenues from water sales and treatment increased over the same period in 2015, however, revenue from project management services were down. In the three months ended March 31, 2015, SaskWater was working on detailed design engineering for a potential new potash project. However, the proponent put the project on hold later in the year. In the three months ended March 31, 2016, SaskWater worked on the conceptual design engineering for another potash project. However, to this point, the scope of work is less than the previous project. Financing expenses including realized and unrealized market adjustments totaled $0.2 million.

KEY FINANCIAL DATA

	Fifteen months 2015-16 Actual	Twelve months 2015-16 Actual	2014 Actual	2013 Actual	2012 Actual	2011 Actual
Earnings	$ 7.3M	$ 6.4M	$ 5.5M	$ 3.5M	$ 3.0M	$ 3.5M
Total assets	$ 328.9M	$ 330.6M	$ 316.4M	$ 223.9M	$ 186.4M	$ 179.3M
ROE	13.7%	12.0%	11.3%	8.0%	7.5%	9.4%
Debt ratio	45.7%	44.8%	45.0%	52.9%	53.9%	57.6%
Dividends	$ 1.9M	$ 1.7M	Nil	Nil	Nil	Nil

2016-17 OUTLOOK

- SaskWater has been working with a number of communities on potential water and wastewater projects, many of which have been waiting on grant funding announcements. Some announcements are expected in 2016-17 and if they include SaskWater customers, those projects can be expected to move forward. In addition, SaskWater is working with some larger customers and potential new customers on solutions in the event grants are not available. SaskWater has also launched a new low cost remote monitoring service for communities who own and operate their own infrastructure. This service is expected to be well received and offer significant growth opportunity over the next several years. SaskWater will also continue to work with a number of potential industrial customers who are considering new developments in Saskatchewan.
- SaskWater anticipates revenues to increase to $51.9 million or by 8.1 per cent as a result of continued growth from municipal potable customers as well as increased industrial water usage and revenue.
- Total operating expenses and net finance expense is expected to increase in conjunction with increased volumes and capital requirements.
- SaskWater expects to invest $13.3 million, net of customer contributions ($20.3 million including customer contributions), in water and wastewater infrastructure projects in the province.
- The profitability level from operations is expected to achieve a return on equity above 9.0 per cent for 2016-17. SaskWater also expects to declare dividends to CIC based on those earnings in 2016-17.

KEY ENTERPRISE RISKS, MITIGATIONS AND ACTION PLANS

- SaskWater's customer base is concentrated primarily in the industrial sector. Changes in market demand can lead to revenue instability resulting in production swings. Mitigation strategies in place include minimum purchase requirements, efficiency programs, and cost of service rates. Future action plans include renegotiating legacy contracts and continuing to grow the business.
- The supply of water for human consumption carries a risk of contamination if mitigation strategies are not in place. SaskWater's current mitigation strategies include meeting or exceeding regulatory requirements, undergoing extensive testing, public reporting of water quality, and utilizing remote monitoring 24 hours per day, 365 days per year.
- Mechanical failures, accidents, storms and power failures can result in service interruptions. SaskWater's current mitigation strategies include increased asset refurbishment, emergency response plans, and vulnerability assessments for facilities. Future action plans include a preventative maintenance program.

KEY OPERATIONAL DATA

	Fifteen months 2015-16	Twelve months 2015-16	2014	2013	2012	2011
Total customer accounts	411	411	407	406	402	395
Total sales volumes (cubic metres)	57.4M	45.7M	38.0M	40.1M	40.7M	35.2M
Kilometres of potable and non-potable pipeline	935	899	865	876	862	860
Full time equivalents	118	120	116	112	105	101

SGI CANADA's operating results in the fifteen months 2015-16 were strong, achieving consolidated net earnings before income taxes of $88.3 million, and an annualized after-tax return on equity of 21.0 per cent.

COMPARISON OF TWELVE MONTHS ENDED DECEMBER 31, 2015 WITH 2014 RESULTS

- The Corporation generated $61.7 million in earnings compared to $40.7 million in 2014. This resulted in a strong after-tax return on equity of 19.1 per cent (December 2014 - 13.5 per cent). The strong results were due to both favourable underwriting results and investment returns.
- The Corporation continues to experience strong growth, with net premium revenues of $620.8 million representing growth of 12.9 per cent over 2014. All jurisdictions saw growth, with the strongest results from Saskatchewan and Alberta operations.
- Claims incurred increased to $345.3 million (December 2014 - $322.4 million), due primarily to increased exposure.
- Investment earnings were comparable to 2014. Lower returns from fixed income investments were offset by higher returns from equities. The year-to-date market value rate of return at December 31, 2015 was 5.2 per cent.

OVERVIEW OF THREE MONTHS ENDED MARCH 31, 2016 RESULTS

- SGI CANADA experienced favourable underwriting results, which were offset by unfavourable investment returns during the three months ended March 31, 2016 resulting in overall earnings of $22.8 million.
- Premiums grew 8.2 per cent compared to the same period in 2015, with the majority of the growth coming from Saskatchewan and Alberta.
- Claim costs were favourable at $2.6 million (3.6 per cent lower than same period in 2015), with the most favourable results in Saskatchewan. The consolidated loss ratio was 45.5 per cent (2015 - 52.2 per cent).
- Investment earnings decreased $2.1 million, as an appreciating Canadian dollar generated currency losses on foreign equities.

KEY FINANCIAL DATA

	Fifteen months 2015-16 Actual	Twelve months 2015-16 Actual	2014 Actual	2013 Actual	2012 Actual	2011 Actual
Earnings	$ 84.5M	$ 61.7M	$ 40.7M	$ 39.2M	$ 82.2M	$ 0.4M
Dividend declared to CIC	$ 47.3M	$ 25.0M	$ 31.6M	$ 25.6M	$ 52.0M	Nil
Total assets	$ 1,213M	$ 1,233M	$ 1,175.3M	$ 1,120.8M	$ 1,073.6M	$ 981.6M
ROE	21.0%	19.1%	13.5%	13.5%	30.7%	0.2%
Minimum capital test[1]	249%	243%	227%	231%	250%	222%

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[1] The Minimum Capital Test (MCT) is a capital adequacy test widely used in the insurance industry, and indicates capital available to pay claims compared to capital required.

2016-17 OUTLOOK

- SGI CANADA is focused on aggressive organic growth to remain competitive, drive efficiencies, and continue to spread risk geographically. It must also balance growth with a reasonable level of profitability to ensure the growth is sustainable over the long term. To this end, the Corporation entered the British Columbia market in the latter half of 2015 and launched a usage-based insurance product in Ontario in early 2016. It is also focused on new strategies for flood/water insurance and for the agriculture and transportation sectors.
- Customer-centricity remains a focus for SGI CANADA and is the primary strategy for achieving long-term growth. Customer-centricity speaks to developing a system of shared values and behaviours that focus employees on delivering great customer experiences and placing customers at the center of business decisions. Becoming customer-centric is more than providing exceptional face-to-face service. SGI CANADA will continue to improve its face-to-face service, but will also work on enhancing other aspects of the experience it provides to customers, including through its websites, online services and call centre.

KEY ENTERPRISE RISKS, MITIGATIONS AND ACTION PLANS

- On an annual basis, management reviews the key risks faced by SGI CANADA by identifying specific risk events and their potential impact on its operations, finances and reputation. Each risk event is rated based on the likelihood of the event occurring and severity of the consequences if it did occur, both before and after the application of potential mitigations. This process results in a risk profile for the Corporation, which is reviewed by the Risk Committee of the Board of Directors annually. SGI's Audit Services department also uses the risk profile in developing its annual work plan, providing an assurance component to SGI's risk management process.
- The top five risks identified relate to: increased competition, scale, privacy breach, catastrophic claim losses and strategy.
- These risks represent key areas in SGI's strategic plan and, as such, the Corporation has prioritized resources towards key business processes and corporate projects which will mitigate these risks.

KEY OPERATIONAL DATA

	Fifteen months 2015-16	Twelve months 2015-16	2014	2013	2012	2011
Net premiums written	$ 730.0M	$ 620.8M	$ 549.9M	$ 493.5M	$ 491.8M	$ 471.6M
Number of policies in force	639,486	636,372	607,916	576,190	580,043	570,957
Number of claims	122,028	101,529	102,066	98,786	99,115	102,712
Full time equivalents	1,879	1,874	1,892	1,871	1,833	1,807

The Saskatchewan Auto Fund increased its Rate Stabilization Reserve in the fifteen months 2015-16 due to both solid underwriting results and investment returns. The favourable underwriting results stemmed from strong premium growth and low overall claim costs.

The Saskatchewan Auto Fund (the Auto Fund) is not a subsidiary Crown corporation. Its results are included in the Management Discussion and Analysis because of SGI CANADA's administration of the Auto Fund. The results of the Auto Fund are not included in CIC's or SGI CANADA's consolidated financial statements.

COMPARISON OF TWELVE MONTHS ENDED DECEMBER 31, 2015 WITH 2014 RESULTS

- The Auto Fund experienced an increase to the Rate Stabilization Reserve (RSR) of $159.1 million, compared to $55.3 million in 2014, an improvement of $105.3 million year-over-year, due to improved underwriting results.
- Underwriting results were $128.8 million better than 2014, due largely to a decline in claim costs. Overall claim costs declined by 9.7 per cent, due primarily to lower current period injury costs and favourable prior period development related to damage claims. At the same time, net premiums written grew 5.0 per cent, resulting from a combination of higher vehicle populations and newer vehicles being registered.
- Despite heightened investment market volatility, the Auto Fund generated $122.5 million in investment earnings, generated from positive returns across all asset classes. Currency gains from a declining Canadian dollar drove strong foreign equity returns, while fixed income investments generated positive returns due to decreases in interest rates.

OVERVIEW OF THREE MONTHS ENDED MARCH 31, 2016 RESULTS

- For the three months ended March 31, 2016, the Auto Fund essentially broke even, with a decrease to the RSR of $0.1 million.
- Net premiums written increased 1.2 per cent, or $2.3 million, a result of exposure growth combined with an increase in new vehicles that cost more to insure.
- The Auto Fund experienced favourable claim results with claim costs 9.1 per cent lower than the prior period. The favourable results stemmed from a decrease in injury claim costs due largely to a decline in the severity of injuries.
- In contrast to the first twelve months, investment earnings decreased $10.8 million, as an appreciating Canadian dollar generated currency losses on foreign equities.

KEY FINANCIAL DATA

	Fifteen months 2015-16 Actual	Twelve months 2015-16 Actual	2014 Actual	2013 Actual	2012 Actual	2011 Actual
Earnings (loss)	$ 159.1M	$ 159.1M	$ 53.8M	$ 32.3M	$ (11.5M)	$ (142.9M)
Total assets	$ 2,369.6M	$ 2,428.9M	$ 2,191.1M	$ 1,985.0M	$ 1,825.0M	$ 1,711.4M
Minimum capital test[1]	95%	92%	69%	58%	51%	60%
Rate stabilization reserve	$ 377.2M	$ 377.2M	$ 218.1M	$ 162.8M	$ 127.1M	$ 134.3M

[1] The Minimum Capital Test (MCT) is a capital adequacy test widely used in the insurance industry, and indicates capital available to pay claims compared to capital required.

2016-17 OUTLOOK

- Beginning in 2016-17, the Auto Fund embarks on a new five-year plan, with the aim to help reduce injuries and fatalities occurring on Saskatchewan roads, maintain Saskatchewan's position as having among the lowest personal auto insurance rates in Canada, and provide quality service to customers.
- To achieve this, the Auto Fund is focused on three key areas: traffic safety, customer-centricity and operational excellence.

KEY ENTERPRISE RISKS, MITIGATIONS AND ACTION PLANS

- On an annual basis, management reviews the key risks faced by the Auto Fund by identifying specific risk events and their potential impact on its operations, finances and reputation. Each risk event is rated based on the likelihood of the event occurring and severity of the consequences if it did occur, both before and after the application of potential mitigations. This process results in a risk profile for the Auto Fund, which is reviewed by the Risk Committee of the Board of Directors annually. SGI's Audit Services department also uses the risk profile in developing its annual work plan, providing an assurance component to SGI's risk management process.
- The top five risks identified relate to: privacy breach, catastrophic claim losses, strategy, systems security, and transfer and acquisition of expertise.
- These risks represent key areas in SGI's strategic plan and, as such, the corporation has prioritized resources towards key business processes and corporate projects which will mitigate these risks.

KEY OPERATIONAL DATA

	Fifteen months 2015-16	Twelve months 2015-16	2014	2013	2012	2011
Net premiums written	$ 1,126.9M	$ 930.1M	$ 886.4M	$ 824.5M	$ 781.2M	$ 744.7M
Number of licensed drivers	799,000	797,266	789,596	778,221	761,859	735,527
Number of claims	137,044	111,184	108,688	119,425	111,556	114,955

SaskGaming

In the fifteen months 2015-16, SGC continued its focus on delivering excellent customer service, and adapting its products and services to increase profitability.

COMPARISON OF TWELVE MONTHS ENDED DECEMBER 31, 2015 WITH 2014 RESULTS

- Earnings were $26.9 million (December 2014 - $24.9 million), a $2.0 million increase from 2014.
- Revenue of $128.1 million (December 2014 - $128.0 million) was comparable to 2014. Declines in slot revenue and food and beverage sales were offset by an increase in table game revenue.
- Expenses of $74.4 million (December 2014 - $78.2 million) were reduced by $3.8 million through cost restraint initiatives.
- Debt, including financing leases, was $8.2 million (December 2014 - $10.0 million). Combined with a minor increase in Earnings before Interest Taxes Depreciation and Amortization (EBITDA), SGC's Debt to EBITDA ratio declined to 12.4 per cent (December 2014 - 16.0 per cent).
- Capital expenditures were $4.0 million (December 2014 - $1.9 million), a $2.1 million increase from 2014. The major factor in the increase was $2.6 million spent on slot machine renewal.

OVERVIEW OF THREE MONTHS ENDED MARCH 31, 2016 RESULTS

- Earnings of $5.8 million for the three months ended March 31, 2016 were in line with earnings from the same period in 2015.
- Revenue was $30.1 million for the three month period (2015 - $30.3 million) and expenses were $18.4 million (2015 - $18.5 million) which was comparable to the same period in 2015.

KEY FINANCIAL DATA

	Fifteen months 2015-16 Actual	Twelve months 2015-16 Actual	2014 Actual	2013 Actual	2012 Actual	2011 Actual
Earnings	$ 32.7M	$ 26.9M	$ 24.9M	$ 20.5M	$ 26.3M	$ 25.9M
Dividends declared to CIC	$ 26.1M	$ 21.5M	$ 19.9M	$ 16.4M	$ 21.0M	$ 20.7M
Total assets	$ 77.7M	$ 78.2M	$ 73.0M	$ 78.9M	$ 78.7M	$ 83.0M
Debt to EBITDA ratio	10.0%	12.4%	16.0%	38.0%	29.0%	31.0%

2016-17 OUTLOOK

- SGC continues to operate in a mature market with modest revenue growth projections.
- The number of guest visits and spend per guest are expected to remain steady in 2016-17.
- SGC is forecasting earnings of $24.9 million in 2016-17.
- SGC is actively adapting its products and services to appeal to a wider demographic of guests.
- Training and other initiatives will seek to improve customer experience to levels that are even higher than are currently being achieved.

KEY ENTERPRISE RISKS, MITIGATIONS AND ACTION PLANS

- SGC engages in numerous mitigation activities to ensure it remains a sustainable corporation. In the fifteen months 2015-16, those activities included the evolution of the Players Club Program to ensure its competitive advantage, and research of different products and services such as new platforms like fantasy sports and new entertainment concepts for the Casino Regina Show Lounge. Discussions with the City of Regina's Downtown Revitalization Planning Committee regarding the development of the land north of Casino Regina began in the fifteen months 2015-16, and will continue into 2016-17.
- An established compliance regime exists at SGC and the corporation helps ensure regulatory compliance by proactively adjusting to changes in regulation. In the fifteen months 2015-16, SGC focused on updating the anti-money laundering training program for employees to ensure continued compliance. All employees will be required to complete this training in 2016-17. Also in the fifteen months 2015-16, a new surveillance system was installed at Casino Regina and Casino Moose Jaw allowing for greater video retention periods. The Saskatchewan Liquor and Gaming Authority provides quarterly reports to SGC on its compliance with all provincial gaming legislation and regulations.
- SGC mitigates talent management risks in a number of ways. SGC provides online and classroom training that provides core, departmental and individual learning to all employees. SGC continues to deliver on the action items from the employee satisfaction action plan, which were originally derived from the results of the 2014 employee satisfaction survey. An employee satisfaction survey will be conducted in 2016-17 to measure improvement efforts in this area. Also in 2016-17, SGC will implement a new learning management framework to better support the online learning needs of all employees.

KEY OPERATIONAL DATA

	Fifteen months 2015-16	Twelve months 2015-16	2014	2013	2012	2011
Guest count (thousands)	4,394	3,538	3,540	3,603	3,625	3,542
Full time equivalents	599	613	627	690	729	749

STC is a customer-focused business with high service standards, achieving a 93.0 per cent passenger satisfaction rating and a 95.0 per cent parcel express satisfaction rating.

COMPARISON OF TWELVE MONTHS ENDED DECEMBER 31, 2015 WITH 2014 RESULTS

- STC's ridership decreased 23.2 per cent, attributable in part to route reductions that Greyhound Canada, and subsequently STC, implemented over the last few years. Fiscal restraints required STC to reduce expenses including advertising, the largest component of STC's discretionary spending. Consequently, promotions and seat sales that typically boost ridership were eliminated. In addition, the low cost of consumer fuel throughout the year increased the perceived cost of bus fares. This, combined with mild winter weather and increased competition from other modes of transportation, placed further downward pressure on ridership.
- Operating loss before grant funding was $12.6 million (December 2014 - $13.6 million). With a decline in revenues, the improvement in the operating loss before grant funding was largely due to cost savings measures undertaken throughout STC as well as a one-time WCB refund.
- CIC provided grants of $10.3 million (December 2014 - $10.3 million) to cover operating expenditures. STC did not receive an annual capital grant in 2015 (December 2014 - $3.3 million). However, $2.7 million in capital grant funding was received that was approved in a prior period for the restoration of the Regina Maintenance Facility (December 2014 - $0.5 million).
- Operating revenues were $15.4 million (December 2014 - $16.6 million). The decrease was primarily due to the decline in passenger revenues. STC also experienced modest declines in express and foreign coach revenues.
- Operating expenses of $27.9 million (December 2014 - $30.2 million) decreased primarily due to fiscal restraint measures such as a reduction in full-time equivalents and the elimination of advertising. Operating expenses were also positively impacted by low fuel prices and reduced building maintenance costs given the mild winter.
- Capital spending was $3.2 million (December 2014 - $3.4 million). The majority of the capital spending related to the restoration of the Regina Maintenance Facility, along with fleet purchases that included a used full-sized coach that was ordered in 2014 and a 26-passenger coach.

KEY FINANCIAL DATA

	Fifteen months 2015-16 Actual	Twelve months 2015-16 Actual	2014 Actual	2013 Actual	2012 Actual	2011 Actual
Earnings (loss)	$ 0.3M	$ 0.7M	$ (0.4M)	$ (0.1M)	$ (1.0M)	$ (0.3M)
Operating loss	$ (16.7M)	$ (12.6M)	$ (13.6M)	$ (13.3M)	$ (12.8M)	$ (11.4M)
Operating grant from CIC	$ 13.3M	$ 10.3M	$ 10.3M	$ 10.5M	$ 9.2M	$ 8.7M
Capital grant from CIC	$ 0.5M	Nil	$ 3.3M	$ 3.5M	$ 2.3M	$ 2.0M
Capital grant - Regina Maintenance Facility	$ 2.9M	$ 2.7M	$ 0.5M	Nil	Nil	Nil
Passenger loss per mile	$ 2.97	$ 2.81	$ 2.96	$ 2.73	$ 2.63	$ 2.44

OVERVIEW OF THREE MONTHS ENDED MARCH 31, 2016 RESULTS

- The fiscal restraint initiatives put in place during the first twelve months of 2015, combined with low fuel costs and mild winter weather conditions, led to lower operating expenses during the three months ended March 31, 2016.
- CIC provided grants of $3.0 million toward operating expenditures for the period and $0.7 million to cover capital expenditures.
- Capital spending was primarily directed towards the refurbishment of the Regina Maintenance Facility.
- STC continued to experience a decline in ridership resulting in lower overall passenger revenues.

2016-17 OUTLOOK

- STC will maintain its focus of providing safe, affordable and accessible bus passenger and freight services to Saskatchewan.
- STC is pursuing collaborations within government as well as innovations in technology and fleet. These opportunities and tools are necessary for STC to pursue future revenues and realize further operating efficiencies.
- Managing the investment in fleet, technology, people, and facilities will support strategic goals of increasing revenues while maintaining high customer satisfaction ratings for both passengers and shippers.
- Three new 16-passenger vehicles were ordered at the end of the fifteen months 2015-16 that will replace three full-sized coaches on low-use routes in 2016-17. This initiative provides a cost savings on both the initial capital investment as well as the ongoing costs as the smaller vehicles are cheaper to operate. Additional utilization of these smaller vehicles is dependent upon a new point-of-sale system with capacity management.
- The public transportation industry in North America will continue to require government subsidies to ensure service levels are available beyond limited high traffic corridors. STC's funding is required to ensure strategic investment occurs in new opportunities and tools. This will position STC to further increase the efficiency of the service delivery model for both bus passenger and freight services.

KEY ENTERPRISE RISKS, MITIGATIONS AND ACTION PLANS

- The decrease in ridership has a direct impact on passenger revenues. Ridership levels are impacted by a number of variables including fare levels (especially when compared to the price of consumer fuel), availability of schedules, and interconnectivity to destinations outside of Saskatchewan. STC's ability to mitigate this risk in the fifteen months 2015-16 was limited due to the postponement of promotions and sales resulting from the elimination of advertising budgets, an outcome of fiscal restraint measures.
- Fleet age and the condition of STC's fleet is a critical factor in being able to provide high quality, safe, and reliable service. An aging fleet poses significant risk in terms of image and service delivery, both important to encouraging repeat customers. STC maintains its fleet with regularly scheduled service intervals to ensure repairs are conducted in a timely manner and to extend the useful life of the fleet. STC has ordered three new, small 16-passenger vehicles that will be deployed in the next fiscal year. These new vehicles will provide service on low-use routes and allow for the retirement of older coaches.
- STC's ability to provide high quality service to the public is directly attributable to a well-trained, satisfied workforce. STC surveys its workforce biennially to measure staff engagement. Consistent with other employers in Saskatchewan, recruiting and retaining employees in certain key job classifications is impacted by economic conditions. Efforts in retention and succession planning are ongoing to ensure service and satisfaction levels for customers are maintained.

KEY OPERATIONAL DATA

	Fifteen months 2015-16	Twelve months 2015-16	2014	2013	2012	2011
Communities served	253	253	253	284	287	290
Miles travelled	3.6M	2.9M	2.9M	3.1M	3.1M	3.2M
Ridership	244,785	200,914	261,531	276,113	282,119	288,164
Full time equivalents	208	211	225	225	225	227

SOCO continues to focus its strategy on attracting and supporting new technology opportunities. During the fifteen months 2015-16, ten new start-up companies were established at Innovation Place bringing the total to 73 since 2007.

COMPARISON OF TWELVE MONTHS ENDED DECEMBER 31, 2015 WITH 2014 RESULTS

- Earnings of $1.3 million (December 2014 - $2.3 million) decreased due to higher vacancy rates experienced in Saskatoon and Regina due to continued pressure in the province's resource sector.
- Overall revenue of $38.1 million (December 2014 - $39.4 million) is down $1.3 million. The decrease in revenue is the result of increased vacancy in the research parks. Overall vacancy at December 31, 2015 was 9.6 per cent reflecting an increase of 1.9 per cent when compared to the vacancy percentage at the end of 2014.
- Expenses of $35.4 million (December 2014 - $36.2 million) decreased $0.8 million due to lower utility expenses as a result of warmer winter weather experienced and reductions in discretionary expenditures.
- Investment in capital assets was $3.2 million (December 2014 - $6.2 million), a decrease of $3.0 million from 2014. Certain capital projects were cancelled or deferred to 2016-17, and fewer tenant improvement projects were required.
- Total debt outstanding at December 31, 2015 was $36.7 million, unchanged from 2014.

OVERVIEW OF THREE MONTHS ENDED MARCH 31, 2016 RESULTS

- Earnings were $0.3 million for the three months ended March 31, 2016, consistent with the twelve months ended December 31, 2015. The decrease is the result of an increase in vacancies at the research parks and increased operating expenses, primarily due to the timing of expense items.

KEY FINANCIAL DATA

	Fifteen months 2015-16 Actual	Twelve months 2015-16 Actual	2014 Actual	2013 Actual	2012 Actual	2011 Actual
Earnings	$ 1.6M	$ 1.3M	$ 2.3M	$ 2.4M	$ 4.3M	$ 4.6M
Dividends declared to CIC	$ 1.5M	$ 1.2M	$ 2.0M	$ 1.7M	$ 2.8M	Nil
Total assets	$ 188.9M	$ 189.0M	$ 191.1M	$ 193.7M	$ 193.0M	$ 191.0M
Capital spending	$ 5.1M	$ 3.2M	$ 6.2M	$ 5.5M	$ 8.9M	$ 8.2M
Debt ratio	14.0%	14.2%	15.4%	15.0%	16.4%	17.2%

2016-17 OUTLOOK

- The expected earnings for 2016-17 are $0.1 million, reflecting a decrease of $1.2 million compared to the twelve month period ended December 31, 2015. Although vacancy is expected to decrease during the year, the majority of the decrease relates to space that is being renovated for the Saskatchewan Research Council (SRC) which will not generate revenue until 2017-18. Also contributing to the decrease in earnings, is the impact of deferring maintenance items from the fifteen months 2015-16, filling of vacant staff positions in 2016-17, and increased amortization expense.
- Vacancy levels are projected to remain at higher than normal levels at the research parks, but lower than the vacancy rates for the local marketplace. SOCO remains committed to attracting tenants which are the best fit for its strategic technology clusters.
- Investment in capital assets is budgeted at $25.3 million for 2016-17. Included are $16.9 million for the SRC project and $8.4 million for other capital projects to sustain the research park buildings, which is comparable to prior periods.
- Total outstanding debt is expected to increase $19.0 million due to debt required to fund the SRC project. Debt from the SRC project will be recovered through the lease revenue.

KEY ENTERPRISE RISKS, MITIGATIONS AND ACTION PLANS

- The primary risk for SOCO is being unable, with a finite amount of space, to support the growth of existing tenants and the establishment of new tenants. Management has addressed this risk by reviewing all tenants from the perspective of their strategic relevance to the core technology clusters in order to determine whether any space can be made available through the relocation of non-core tenants to other space within the cities. Management continues to evaluate potential new tenants according to their strategic fit in core technology clusters.
- Closely associated with the primary risk is the risk of losing a significant tenant or several tenants in one industry, which will negatively impact financial results, an industry cluster, and/or the value for remaining tenants. As the likelihood and impact of this risk increases, it directly affects SOCO's ability to fulfill its mission and potentially decreases the value of the research parks by eroding existing clusters. Management continues to make special efforts to retain key strategic tenants.

KEY OPERATIONAL DATA

	Fifteen months 2015-16	Twelve months 2015-16	2014	2013	2012	2011
Vacancy rates	10.0%	9.6%	7.7%	4.4%	2.4%	2.8%
Full time equivalents	99	101	106	115	117	123
Number of new startup technology companies locating at Innovation Place	10	9	6	10	9	8

The HeadStart on a Home program has surpassed its mandate to construct more than 1,500 entry level homes in Saskatchewan communities, and has committed more than $2 to construction for every $1 available for investment.

COMPARISON OF TWELVE MONTHS ENDED DECEMBER 31, 2015 WITH 2014 RESULTS

- SIIF was established to participate in the Government of Canada's Immigrant Investor Program (IIP). The Corporation uses IIP funds to deliver the Government of Saskatchewan's HeadStart on a Home program that assists developers in building affordable housing in Saskatchewan.
- The HeadStart on a Home program saw a decline in dollars approved for financing as the pace of construction slowed in order to absorb an elevated inventory of multi-family units.
- Earnings increased by $3.3 million to a loss of $0.7 million (December 2014 - $4.0 million loss), primarily due to a decrease of $4.2 million in loan impairment losses recorded, which was partially offset by a decrease in finance income and an increase in management fees.
- Net finance income decreased by $0.3 million to $1.1 million (December 2014 - $1.4 million). An increase in interest income of $0.9 million was offset by a decrease of $0.9 million in premiums on debt due to the Government of Canada and an increase of $0.3 million in interest expense.
- Management fees increased by $0.5 million to $1.6 million (December 2014 - $1.1 million). Management fees are based on a percentage of outstanding loans receivable.
- At December 31, 2015, SIIF had $77.2 million (December 2014 - $104.2 million) in cash and cash equivalents restricted for use in the Saskatchewan HeadStart on a Home program.
- Loans receivable were $83.8 million at December 31, 2015 (December 2014 - $58.8 million) reflecting the continued growth of the HeadStart on a Home program among builders and developers.
- At December 31, 2015, SIIF had $193.5 million (December 2014 - $194.7 million) in debt, including accrued interest, due to the Government of Canada pursuant to the Immigrant Investor Program (IIP).
- SIIF received $1.9 million (December 2014 - $27.1 million) from the Government of Canada under the IIP, issued $99.1 million (December 2014 - $78.1 million) in new loans to builders and developers, and received $74.2 million (December 2014 - $59.5 million) in loan principal repayments.

KEY FINANCIAL DATA

	Fifteen months 2015-16 Actual	Twelve months 2015-16 Actual	2014 Actual	2013 Actual	2012 Actual	2011 Actual
(Loss) earnings	$ (2.4M)	$ (0.7M)	$ (4.0M)	$ 1.2M	$ (0.2M)	$ 1.2M
Loans receivable	$ 83.0M	$ 83.8M	$ 58.8M	$ 43.8M	$ 34.3M	Nil
Efficiency ratio[1]	222.8%	220.2%	192.2%	135.6%	119.4%	99.0%
Dollars repaid by developers	$ 87.0M	$ 74.2M	$ 59.5M	$ 65.4M	$ 7.1M	Nil

[1] Efficiency ratio is defined as approved project amounts divided by funds available for investment since inception of the HeadStart on a Home program.

OVERVIEW OF THREE MONTHS ENDED MARCH 31, 2016 RESULTS

- SIIF had a net loss of $1.7 million in the three months ended March 31, 2016, primarily due to a loan loss provision of $1.7 million that was recognized in the quarter from a developer loan.
- New loans of $13.7 million were issued to builders and loan principal repayments of $12.7 million were received.
- $11.5 million was repaid to the Government of Canada pursuant to the IIP.

2016-17 OUTLOOK

- New projects and funds committed for construction are expected to decline as SIIF's focus shifts to managing and monitoring its loan portfolio for the remainder of the HeadStart on a Home program. As a result, the loans receivable balance is expected to decline in 2016-17.
- SIIF will continue to repay funds to the Government of Canada for the balance of its mandate.

KEY ENTERPRISE RISKS, MITIGATIONS AND ACTION PLANS

- Concentration of credit risk relates to groups of counterparties that are engaged in similar activities, are located in the same geographic area, or have comparable economic characteristics that cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. SIIF has material concentrations of credit risk on its loan receivables which are due from builders and developers located in Saskatchewan, and therefore could be similarly impacted by changes in the Saskatchewan economy. However, the loans are diversified with companies and in communities throughout Saskatchewan, and therefore may not be identically impacted by changes in the overall Saskatchewan economy. SIIF performs due diligence and maintains credit policies and limits in respect to potential loans. Credit risk is also mitigated through SIIF holding a security interest in the units constructed, and the land upon which the units are constructed, which are located in various communities throughout Saskatchewan.

KEY OPERATIONAL DATA

	Fifteen months 2015-16	Twelve months 2015-16	2014	2013	2012	2011
Housing starts	428	424	586	566	416	Nil
Units sold to home buyers	326	276	420	449	252	Nil

RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared by management of Crown Investments Corporation of Saskatchewan. They have been prepared in accordance with International Financial Reporting Standards, consistently applied, using management's best estimates and judgements where appropriate. Management is responsible for the reliability and integrity of the consolidated financial statements and other information contained in this Annual Report.

The Corporation's Board of Directors is responsible for overseeing the business affairs of the Corporation and also has the responsibility for approving the financial statements. The Board of Directors is responsible for reviewing the annual financial statements and meeting with management, the Corporation's external auditors KPMG LLP, and the Provincial Auditor of Saskatchewan on matters relating to the financial process.

Management maintains a system of internal controls to ensure the integrity of information that forms the basis of the financial statements. Management's attestation on the adequacy of financial controls appears opposite. The Provincial Auditor of Saskatchewan has reported to the Legislative Assembly that financial controls are adequately functioning.

KPMG LLP has audited the consolidated financial statements. Their report to the Members of the Legislative Assembly, stating the scope of their examination and opinion on the consolidated financial statements, appears on the following page.

	Cindy Ogilvie
Blair Swystun, CFA President & CEO	Cindy Ogilvie, CPA, CA Vice-President & CFO

June 23, 2016

ANNUAL STATEMENT OF MANAGEMENT RESPONSIBILITY

I, Blair Swystun, the President and Chief Executive Officer of Crown Investments Corporation of Saskatchewan, and I, Cindy Ogilvie, Vice President and Chief Financial Officer of Crown Investments Corporation of Saskatchewan, certify the following:

That we have reviewed the consolidated financial statements included in the Annual Report of Crown Investments Corporation of Saskatchewan. Based on our knowledge, having exercised reasonable diligence, the consolidated financial statements included in the Annual Report, fairly present, in all material respects the financial condition, results of operations, and cash flows, as of March 31, 2016.

That based on our knowledge, having exercised reasonable diligence, the consolidated financial statements included in the Annual Report of Crown Investments Corporation of Saskatchewan do not contain any untrue statements of material fact, or omit to state a material fact that is either required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

That Crown Investments Corporation of Saskatchewan is responsible for establishing and maintaining effective internal control over financial reporting, which includes safeguarding of assets and compliance with applicable legislative authorities; and Crown Investments Corporation of Saskatchewan has designed internal controls over financial reporting that are appropriate to the circumstances of Crown Investments Corporation of Saskatchewan.

That Crown Investments Corporation of Saskatchewan conducted its assessment of the effectiveness of the Corporation's internal controls over financial reporting and, based on the results of this assessment, Crown Investments Corporation of Saskatchewan can provide reasonable assurance that internal controls over financial reporting as of March 31, 2016 were operating effectively and no material weaknesses were found in the design or operation of the internal controls over financial reporting.

On behalf of management:

Blair Swystun, CFA
President & CEO

Cindy Ogilvie

Cindy Ogilvie, CPA, CA
Vice-President & CFO

June 23, 2016

INDEPENDENT AUDITORS' REPORT

To the Members of the Legislative Assembly of Saskatchewan

We have audited the accompanying consolidated financial statements of **Crown Investments Corporation of Saskatchewan**, which comprise the consolidated statement of financial position as at March 31, 2016 and the consolidated statements of comprehensive income (loss), changes in equity and cash flows for the fifteen month period then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Crown Investments Corporation of Saskatchewan as at March 31, 2016, and its consolidated financial performance and its consolidated cash flows for the fifteen month period then ended in accordance with International Financial Reporting Standards.

KPMG LLP

Chartered Professional Accountants
June 23, 2016
Regina, Saskatchewan

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at

(thousands of dollars)

	Note	March 31 2016	December 31 2014
ASSETS			
Current			
Cash and cash equivalents	6	$ 270,491	$ 391,604
Short-term investments	7	246,359	127,501
Short-term investments under securities lending program	7	63,768	65,074
Accounts receivable	8(d)	848,295	818,276
Restricted cash and cash equivalents	9	71,270	114,342
Derivative financial assets	8	11,374	27,497
Inventories	10	323,324	374,527
Prepaid expenses		178,736	136,538
Assets held-for-sale	11	-	6,090
		2,013,617	2,061,449
Restricted cash and cash equivalents	9	4,724	4,766
Investments	7	1,418,289	1,438,738
Investments under securities lending program	7	94,289	28,399
Investments in equity accounted investees	12	120,464	142,036
Property, plant and equipment	13	13,160,220	12,295,498
Investment property	14	166,424	166,401
Intangible assets	15	412,123	391,666
Other assets		12,230	13,333
		$ 17,402,380	$ 16,542,286
LIABILITIES AND PROVINCE'S EQUITY			
Current			
Bank indebtedness		$ -	$ 15,363
Trade and other payables		718,426	917,277
Derivative financial liabilities	8	266,086	202,692
Notes payable	16	1,523,083	1,353,369
Deferred revenue	17	509,657	540,415
Provisions	18	195,058	218,870
Finance lease obligations	19	12,019	8,555
Long-term debt due within one year	20	263,935	65,523
		3,488,264	3,322,064
Provisions	18	625,578	571,804
Finance lease obligations	19	1,132,497	1,136,632
Long-term debt	20	6,884,256	6,297,225
Employee future benefits	21	464,085	422,592
Other liabilities	22	218,445	182,330
		12,813,125	11,932,647
Province of Saskatchewan's Equity			
Equity advances		908,889	908,889
Contributed surplus		85	85
Retained earnings		3,804,178	3,759,399
Accumulated other comprehensive loss	24	(123,897)	(58,734)
		4,589,255	4,609,639
		$ 17,402,380	$ 16,542,286
Commitments and contingencies	25		

(See accompanying notes)

On behalf of the Board:

Director

Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (LOSS)

For the Period Ended

(thousands of dollars)

	Note	Fifteen Months March 31 2016	Twelve Months December 31 2014
INCOME FROM OPERATIONS			
Revenue		$ 6,474,516	$ 5,168,999
Other income		4,743	5,804
		6,479,259	5,174,803
EXPENSES			
Operating		3,226,920	2,899,416
Salaries, wages and short-term employee benefits		1,078,896	866,285
Employee future benefits	21	84,742	65,039
Depreciation and amortization	26	974,842	707,117
Loss on disposal of property, plant and equipment		30,262	10,829
Impairment losses	27	22,162	30,150
Research and development		341	2,237
Provision for (recovery of) decommissioning and environmental remediation liabilities	18	3,629	(11,527)
Saskatchewan taxes and fees	28	193,728	148,319
		5,615,522	4,717,865
RESULTS FROM OPERATING ACTIVITIES		863,737	456,938
Finance income	29	224,825	224,292
Finance expenses	29	(753,733)	(524,677)
NET FINANCE EXPENSES		(528,908)	(300,385)
EARNINGS FROM OPERATIONS		334,829	156,553
Share of net earnings from equity accounted investees	12	7,233	6,274
EARNINGS FROM CONTINUING OPERATIONS		342,062	162,827
Loss from discontinued operations	11	-	(989)
Net (loss) gain on sale of equity accounted investees		(84)	901
NET EARNINGS		341,978	162,739
OTHER COMPREHENSIVE LOSS			
Items that may be reclassified subsequently to net earnings:			
Share of changes in comprehensive income recognized by associates		-	3
Unrealized gains (losses) on cash flow hedges	29	15,103	(18,471)
Realized losses on cash flow hedges	29	(46,211)	(12,251)
Amounts amortized to net earnings and included in finance income	29	(7)	(1,421)
Items that will not be reclassified to net earnings:			
Impact of changes in actuarial assumptions on defined benefit pension plans	21,29	(41,464)	(227,927)
Impact of changes in actuarial assumptions on other defined benefit plans	21,29	(976)	(2,547)
Return on pension plan assets (excluding interest income)	21,29	8,392	99,833
Other		-	(4)
OTHER COMPREHENSIVE LOSS		(65,163)	(162,785)
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO THE PROVINCE OF SASKATCHEWAN		$ 276,815	$ (46)

(See accompanying notes)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Period Ended

(thousands of dollars)

	Attributable to the Province of Saskatchewan				
	Equity Advances	Contributed Surplus	Retained Earnings	Accumulated Other Comprehensive Income (Loss) (Note 24)	Total Equity
Balance at January 1, 2014	$ 908,889	$ 125	$ 3,802,660	$ 104,051	$ 4,815,725
Total comprehensive income (loss)	-	-	162,739	(162,785)	(46)
Dividends to General Revenue Fund (GRF)	-	-	(206,000)	-	(206,000)
Other	-	(40)	-	-	(40)
Balance at December 31, 2014	908,889	85	3,759,399	(58,734)	4,609,639
Total comprehensive income (loss)	**-**	**-**	**341,978**	**(65,163)**	**276,815**
Dividends to GRF	**-**	**-**	**(297,199)**	**-**	**(297,199)**
Balance at March 31, 2016	**$ 908,889**	**$ 85**	**$ 3,804,178**	**$ (123,897)**	**$ 4,589,255**

(See accompanying notes)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Period Ended

(thousands of dollars)

	Note	Fifteen Months March 31 2016	Twelve Months December 31 2014
OPERATING ACTIVITIES			
Net earnings		$ 341,978	$ 162,739
Adjustments to reconcile net earnings to cash from operating activities	30	1,663,220	1,145,997
		2,005,198	1,308,736
Net change in non-cash working capital balances related to operations		(244,199)	138,077
Interest paid		(635,045)	(477,920)
Defined benefit pension plan contributions	21	-	(7)
Cash provided by operating activities from continuing operations		1,125,954	968,886
Cash used in operating activities from discontinued operations	11	-	(1,927)
Net cash from operating activities		1,125,954	966,959
INVESTING ACTIVITIES			
Interest received		44,214	38,476
Dividends received		5,479	4,443
Purchase of investments		(1,311,377)	(1,021,333)
Proceeds from sale and collection of investments		1,265,343	986,536
Purchase of property, plant and equipment		(1,712,127)	(1,828,284)
(Costs) proceeds related to sale of property, plant and equipment		(517)	2,674
Purchase of intangible assets		(111,145)	(82,719)
Purchase of investment property		(4,881)	(5,979)
Decrease in restricted cash and cash equivalents		43,114	9,729
Increase in government grants		4,939	2,825
Net cash used in investing activities		(1,776,958)	(1,893,632)
FINANCING ACTIVITIES			
Increase (decrease) in notes payable		169,714	(108,432)
(Decrease) increase in other liabilities		(28,021)	78,502
Debt proceeds from GRF		861,127	1,233,110
Debt repayments to GRF		(54,807)	(50,000)
Debt proceeds from other lenders		2,381	27,085
Debt repayments to other lenders		(37,879)	(18,627)
Sinking fund installments		(81,548)	(57,206)
Sinking fund redemptions		11,486	6,361
Dividend paid to GRF		(297,199)	(206,000)
Net cash from financing activities		545,254	904,793
NET CHANGE IN CASH AND CASH EQUIVALENTS DURING PERIOD		(105,750)	(21,880)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD		376,241	398,121
CASH AND CASH EQUIVALENTS, END OF PERIOD		$ 270,491	$ 376,241
Cash and cash equivalents consists of:			
Cash and cash equivalents from continuing operations		$ 270,491	$ 391,604
Bank indebtedness from continuing operations		-	(15,363)
		$ 270,491	$ 376,241

(See accompanying notes)

1. GENERAL INFORMATION

Crown Investments Corporation of Saskatchewan (CIC) is a corporation domiciled and incorporated in Canada. The address of CIC's registered office and principal place of business is 400 - 2400 College Avenue, Regina, SK, S4P 1C8. The consolidated financial statements of CIC comprise CIC and its subsidiaries (collectively referred to as "CIC" or "the Corporation") and the Corporation's interest in associates, joint ventures and joint operations with principal activities as described in Note 4(a).

2. BASIS OF PREPARATION

a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The consolidated financial statements were authorized for issue by the Board of Directors on June 23, 2016.

b) Change of year end

The Corporation has been directed by the provincial government to change its fiscal year end to March 31 to coincide with that of the Province of Saskatchewan. The first complete fiscal period consists of the fifteen months ended March 31, 2016. Information included in the consolidated financial statements focuses on the fifteen months of the current fiscal period as compared to the twelve month fiscal period ending December 31, 2014. As a result, information contained in these consolidated financial statements may not be comparable with previously reported information.

c) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following:

- Inventory at net realizable value (Note 4(c)).
- Financial assets and liabilities at fair value through profit or loss are measured at fair value (Note 8).
- Certain prepaid expenses for property and casualty insurance are discounted at expected future cash flows (Note 4(l)).
- Provisions discounted at expected future cash flows (Note 18).
- Employee future benefits are recognized at the fair value of plan assets less the present value of the accrued benefit obligation (Note 21).

d) Functional and presentation currency

The consolidated financial statements are presented in Canadian dollars, which is the Corporation's functional currency.

e) Use of estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Significant items subject to estimates and assumptions include the carrying amounts of property, plant and equipment, intangible assets and investment property and underlying estimations of useful lives of depreciable assets, provisions, accounts receivable, inventories, investments, the fair value of financial instruments, the carrying amounts of employee future benefits including underlying actuarial assumptions and the measurement of commitments and contingencies. These significant areas are further described in Notes 7, 8, 10, 12, 13, 14, 15, 18, 21, 25, 26 and 27.

2. BASIS OF PREPARATION *(continued)*

e) Use of estimates *(continued)*

During the fifteen month period ended March 31, 2016, the Corporation modified its estimate of deferred revenue from customer contributions related to the construction of new natural gas service connections. As the Corporation's customer capital contributions are often subject to refunds over a specified period, an estimate of these refunds remains in deferred revenue until the eligible refund period expires. Under the new methodology, the Corporation calculated the estimated refunds based on a customer's requested delivery capacity rather than management's estimate of future customer usage. This change is a more accurate reflection of the amount that is likely to be refunded, and as such, is an improvement over the previous estimation process. As a change in estimate, the impact was applied prospectively effective January 1, 2015 and resulted in approximately $25.0 million of additional customer contribution revenue for the fifteen month period. As the estimate is dependent on future customer capital contributions received, the impact of the change to future periods is uncertain at the end of the reporting period.

f) Use of judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements that affect the application of accounting policies.

Significant items subject to judgement are included in the accounting policies listed in Note 4.

3. APPLICATION OF REVISED ACCOUNTING STANDARDS

The following new standards and amendments to standards, effective for annual periods beginning on or after January 1, 2015, have been applied in preparing these consolidated financial statements:

- IFRS 3, *Business combinations*
- IFRS 13, *Fair value measurement*
- IAS 16, *Property, plant and equipment*
- IAS 19, *Employee benefits*
- IAS 24, *Related party disclosures*
- IAS 38, *Intangible assets*

The adoption of these standards had no material impact on the consolidated financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements. The accounting policies have been consistently applied by CIC's subsidiaries.

a) Basis of consolidation

Subsidiaries

Saskatchewan provincial Crown corporations are either designated as subsidiary Crown corporations of CIC or created as CIC Crown corporations under *The Crown Corporations Act, 1993* (the Act). The Act assigns specific financial and other responsibilities regarding these corporations to CIC.

In addition to the Crown corporations listed below, the Corporation also consolidates the accounts of Gradworks Inc., a wholly-owned non-profit subsidiary, and the following wholly-owned share capital subsidiaries: CIC Asset Management Inc.; First Nations and Métis Fund Inc.; CIC Economic Holdco Ltd.; and Saskatchewan Immigrant Investor Fund Inc. (SIIF), all of which are domiciled in Canada.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

a) Basis of consolidation *(continued)*

Subsidiaries *(continued)*

Separate audited financial statements for CIC have been prepared to show the financial position and results of operations of the corporate entity. In addition, audited financial statements for each of the undernoted Crown corporations, which are consolidated in these financial statements, are prepared and released publicly:

Wholly-owned subsidiaries domiciled in Canada	Principal activity
SaskEnergy Incorporated (SaskEnergy)	Natural gas storage and delivery
Saskatchewan Gaming Corporation (SGC)	Entertainment
Saskatchewan Government Insurance (SGI)	Property and casualty insurance
Saskatchewan Opportunities Corporation (SOCO)	Research parks
Saskatchewan Power Corporation (SaskPower)	Electricity
Saskatchewan Telecommunications Holding Corporation and Saskatchewan Telecommunications (collectively SaskTel)	Telecommunications
Saskatchewan Transportation Company (STC)	Passenger and freight transportation
Saskatchewan Water Corporation (SaskWater)	Water and wastewater management

Associates and joint ventures (investments in equity accounted investees)

Associates are those entities in which the Corporation has significant influence, but not control over strategic financial and operating decisions. Significant influence is presumed to exist when the Corporation holds between 20.0 and 50.0 per cent of the voting power of another entity.

Joint ventures are those entities over whose activities the Corporation has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions, and provide the Corporation with rights to the net assets of the arrangement.

Associates and joint ventures are accounted for using the equity method and are recognized initially at cost. The Corporation's investment includes any goodwill identified at acquisition, net of accumulated impairment losses. The consolidated financial statements include the Corporation's share of the total comprehensive income (loss) and equity movements of equity accounted investees, after adjustments to align the accounting policies with those of the Corporation, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the Corporation's share of losses exceeds its interest in equity accounted investees, the carrying amount of that interest is reduced to Nil and the recognition of further losses is discontinued except to the extent that the Corporation has an obligation or has made payments on behalf of the investee.

Joint operations

Joint operations are those entities over whose activities the Corporation has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions; and provide the Corporation with rights to the assets, and obligations for the liabilities, related to the arrangement. The consolidated financial statements include the Corporation's proportionate share of joint operation assets, incurred liabilities, income and expenses. The Corporation has classified the following as joint operations:

i) **Kisbey Gas Gathering and Processing Facility (Kisbey)**
The Corporation has a 50.0 per cent interest in Kisbey, which operates natural gas processing facilities in Saskatchewan.

ii) **Totnes Natural Gas Storage Facility (Totnes)**
The Corporation has a 50.0 per cent interest in Totnes, which operates natural gas storage facilities in Saskatchewan.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

a) Basis of consolidation *(continued)*

Joint operations *(continued)*

iii) Cory Cogeneration Station (Cory)

The Corporation has a 50.0 per cent interest in an unincorporated joint venture with ATCO Power Canada Ltd. The joint venture owns and operates a 228 MW natural gas-fired, cogeneration power plant (Cory Cogeneration Station) near Saskatoon, Saskatchewan. The electricity generated by the facility is sold to the Corporation under the terms of a 25-year power purchase agreement.

iv) BHP Billiton SaskPower Carbon Capture and Storage Knowledge Centre Inc.

The Corporation has a 50.0 per cent interest in BHP Billiton SaskPower Carbon Capture and Storage (CCS) Knowledge Centre Inc. This not-for-profit corporation was established on February 26, 2016, to advance the understanding and use of CCS as a means of managing greenhouse gas emissions and to further research projects related thereto as agreed upon by its members from time to time.

Special purpose entities

The Corporation has established certain special purpose entities (SPEs) for trading and investment purposes. The Corporation does not have any direct or indirect shareholdings in these entities. An SPE is consolidated if, based on an evaluation of the substance of its relationship with the Corporation and the SPE's risks and rewards, the Corporation concludes that it controls the SPE. SPEs controlled by the Corporation were established under terms that impose strict limitations on the decision-making powers of the SPE's management and that result in the Corporation receiving the majority of the benefits related to the SPE's operations and net assets, being exposed to risks incident to the SPE's activities, and retaining the majority of the residual or ownership risks related to the SPE or its assets.

The Corporation has two SPEs, Meadow Lake Pulp Limited Partnership and 212822 Saskatchewan Ltd. These SPEs are not material to the Corporation's consolidated results.

Transactions eliminated on consolidation

Inter-group balances and transactions, and any unrealized income and expenses arising from inter-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with investments in equity accounted investees are eliminated against the investment to the extent of the Corporation's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

b) Cash and cash equivalents

Cash and cash equivalents include short-term investments that have a maturity date of ninety days or less. The Corporation classifies cash and cash equivalents as financial instruments at fair value through profit or loss.

c) Inventories

Inventories for resale, including natural gas in storage held-for-resale, are valued at the lower of weighted average cost and net realizable value. Net realizable value represents the estimated selling price for inventories less all estimated costs necessary to make the sale. Net realizable value for natural gas inventory is determined using natural gas market prices based on anticipated delivery dates. Natural gas in storage held-for-resale is charged to inventory when purchased and expensed as sold.

Other supplies inventories are valued at the lower of weighted average cost and net realizable value. Replacement cost is used as management's best estimate of the net realizable value for other supplies inventory. In establishing the appropriate provision for supplies inventory obsolescence, management estimates the likelihood that supplies inventory on hand will become obsolete due to changes in technology. Other supplies are charged to inventory when purchased and expensed or capitalized when used.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

d) Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition or construction of the asset. The cost of self-constructed assets includes materials, services, direct labour, directly attributable overheads, and other costs directly attributable to preparing the asset for its intended use. Interest costs associated with major capital and development projects that are six months or longer in duration are capitalized during the construction period at the weighted average cost of long-term borrowings. Assets under construction are recorded as in progress until operational and available for use, at which time they are transferred to property, plant and equipment.

Costs are recognized as an asset if it is probable that economic benefits associated with the item will flow to the Corporation and the cost can be reliably measured. Significant renewals and enhancements to existing assets are capitalized only if the useful life of the asset is increased, physical output, service capacity or quality is improved above original design standards, or operating costs are reduced by a substantial and quantifiable amount that can be reliably measured. The cost of maintenance, repairs, renewals or replacements which do not provide benefits into the future are charged to operating expense as incurred.

Significant parts of an item of property, plant and equipment that have different useful lives are accounted for as separate items of property, plant and equipment.

When property, plant and equipment is disposed of or retired, the related costs less accumulated depreciation and impairment losses are eliminated from the accounts. Any resulting gains or losses are reflected in net earnings in the period of disposal.

e) Depreciation of property, plant and equipment

Depreciation is calculated over the depreciable amount, which is the cost of an asset less its residual amount. Depreciation is recorded primarily on the straight-line basis over the useful life of each asset as follows:

Machinery and equipment	3 - 100 years
Buildings and improvements	3 - 100 years
Coal properties and rights	21 years

The useful life and depreciation method are reviewed periodically to ensure consistency with the expected pattern of economic benefits from these assets.

Assets held under finance leases are depreciated over the expected useful economic life of each asset on the same basis as for owned assets, or where shorter, the lease term.

f) Intangible assets

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets.

The Corporation measures goodwill as the fair value of the consideration transferred less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. When the excess is negative, a bargain purchase gain is recognized immediately in net earnings.

Subsequent to acquisition, goodwill is measured at cost less accumulated impairment losses. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity accounted investee.

On disposal of a subsidiary or a joint operation, the attributed amount of goodwill is included in the determination of the gain or loss on disposal.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

f) Intangible assets *(continued)*

Research and development

Expenditures on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, are recognized in net earnings when incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditures are capitalized only if the amount can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Corporation intends to and has sufficient resources to complete development and to use or sell the asset. Expenditures capitalized include the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Interest costs related to the development of qualifying assets are capitalized. Other development expenditures are recognized in net earnings as incurred.

Capitalized development expenditures are measured at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized in the Consolidated Statement of Comprehensive Income (Loss) on a straight-line basis over the estimated useful life of 1 to 7 years.

Finite-life intangibles

Finite-life intangible assets, acquired individually, with a group of other assets, or through the Corporation's authorized dealers are measured at cost of acquisition or development less accumulated amortization and accumulated impairment losses and may include direct development costs, and overhead costs directly attributable to the development activity. Customer accounts acquired are measured at cost less accumulated amortization and any accumulated impairment losses, and are amortized on a straight-line basis over an estimated useful life of 5 to 10 years from the date of acquisition.

Capitalized software includes externally purchased software packages as well as external and internal direct labour costs related to internally developed programs. Software development costs are capitalized if it is probable that the asset developed will generate future economic benefits. Software is amortized on a straight-line basis over an estimated useful life of 1 to 10 years from the date of acquisition. Maintenance of existing software programs is expensed as incurred.

Estimated useful lives of finite-life intangible assets are reviewed annually with any changes applied prospectively.

Indefinite-life intangibles

Spectrum licences, for wireless telecommunication services, have been classified as indefinite-life intangible assets due to the current licensing terms, the most significant of which are minimal renewal fees and no regulatory precedent of material licence revocation. Should these factors change, the classification as indefinite life will be reassessed. The licences are not subject to amortization and are carried at cost less accumulated impairment losses.

g) Investment property

Properties held for rental purposes are classified as investment properties and are measured at cost less accumulated amortization and impairment losses. Amortization is recorded on investment property on the straight-line basis over the estimated life of each asset as follows:

Buildings	20 - 80 years
Infrastructure	25 - 60 years
Leasehold improvements	Lease term

Depreciation commences when the asset is ready for its intended use. The useful life and depreciation method are reviewed periodically to ensure consistency with the expected pattern of economic benefits from these assets.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

h) Deferred supply agreements

Deferred supply agreements include payments made in accordance with long-term coal supply agreements. The Corporation is amortizing the deferred assets over the remaining life of the long-term coal supply agreements.

i) Financial instruments

The Corporation classifies its financial instruments into one of the following categories: fair value through profit or loss; held-to-maturity; loans and receivables; and other liabilities.

Financial assets and liabilities are offset and the net amount reported on the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

All financial instruments are measured at fair value on initial recognition. Transaction costs are included in the initial carrying amount of financial instruments except for financial instruments at fair value through profit or loss in which case the transaction costs are expensed as incurred. Measurement in subsequent periods depends on the classification of the financial instrument.

Financial instruments at fair value through profit or loss

Financial assets and financial liabilities are classified as fair value through profit or loss if those instruments are held for trading or designated as such upon initial recognition. A financial asset or financial liability is classified as held for trading if it has been acquired with the intention of generating profits in the near term or is part of a portfolio of financial instruments that are managed together where there is evidence of a recent pattern of short-term profit taking. A financial asset or financial liability is designated as fair value through profit or loss if the Corporation manages such instruments and makes ssifies cash and cash equivalents, derivative financial assets and liabilities that do not qualify as a hedge and are not designated as a hedge, sinking funds, restricted cash and cash equivalents, certain investments included in Note 7, and bank indebtedness as financial instruments at fair value through profit or loss.

Financial assets held-to-maturity

A financial asset is classified as held-to-maturity if it is designated as such upon initial recognition. Held-to-maturity financial assets have a fixed maturity date, where the Corporation intends and has the ability to hold to maturity. Held-to-maturity investments, after initial recognition, are accounted for at amortized cost using the effective interest method, less any impairment losses.

Loans and receivables

The Corporation classifies accounts receivable and certain investments as disclosed in Note 7, as loans and receivables. Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are accounted for at amortized cost using the effective interest method, less any impairment losses.

Investments under securities lending program

Securities lending transactions are entered into on a collateralized basis. The securities lent are not de-recognized on the Consolidated Statement of Financial Position given that the risks and rewards of ownership are not transferred from the Corporation to the counterparties in the course of such transactions. The securities are included in the Consolidated Statement of Financial Position on the basis that the counterparties may resell or re-pledge the securities during the time that the securities are in their possession.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

i) Financial instruments *(continued)*

Investments under securities lending program *(continued)*

Securities received from counterparties as collateral are not included in the Consolidated Statement of Financial Position given that the risks and rewards of ownership are not transferred from the counterparties to the Corporation in the course of such transactions.

Structured settlements

In the normal course of insurance claim adjudication, the Corporation settles certain long-term claims losses through the purchase of annuities under structured settlement arrangements with life insurance companies. As the Corporation does not retain any interest in the related insurance contract and obtains a legal release from the claimant, any gain or loss on the purchase of the annuity is recognized in the Consolidated Statement of Comprehensive Income (Loss) at the date of the purchase and the related claims liabilities are derecognized.

However, the Corporation remains exposed to the credit risk that the life insurance companies may fail to fulfill their obligations.

Other liabilities

Other liabilities are non-derivative financial liabilities that are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial liabilities are accounted for at amortized cost using the effective interest method. The Corporation classifies trade and other payables, notes payable, long-term debt and finance lease obligations as other liabilities.

Derivative instruments

The Corporation utilizes a variety of derivative instruments to manage its exposure to interest rate, electricity and natural gas price risk.

The terms and conditions of certain derivative financial instrument contracts require the Corporation to provide collateral when the fair value of the obligation pursuant to these contracts is in excess of exposure limits granted. When posted, these collateral amounts are recognized as margin deposits on derivative financial instruments and are included with accounts receivable.

In order to qualify for hedge accounting, the Corporation designates derivatives as hedges through formal documentation of all relationships between hedging instruments and hedged items, as well as the risk management objective and strategy for undertaking the hedge transaction. This process includes linking derivatives to specific assets and liabilities or to specific firm commitments or forecast transactions. The Corporation formally assesses both at the hedge's inception and on an ongoing basis, whether the derivatives used are highly effective in offsetting changes in cash flows of the hedged item and the timing of the cash flows is similar.

The Corporation may enter into bond forward agreements to hedge exposures to anticipated changes in interest rates on certain forecasted issuances of long-term debt. The Corporation has chosen to designate these contracts as cash flow hedges. As such, the effective portion of the changes in fair value related to the derivative financial instruments have been recognized in other comprehensive income (loss), with the fair value being recognized as derivative financial assets or liabilities on the Consolidated Statement of Financial Position. When the derivatives expire upon the issuance of long-term debt, the resulting gain or loss recorded in accumulated other comprehensive income (loss) is amortized to net earnings over the term of the debt. If no debt is issued, the gain or loss is recognized in net earnings immediately.

Derivative instruments not designated as a hedge are held for trading and are recorded at fair value in the Consolidated Statement of Financial Position in current assets or current liabilities, as described in Note 8, commencing on the trade date. The change in the fair value is recorded in net earnings and classified within the revenue or expense category to which it relates. The revenue and expense categories impacted are described in Note 8(b).

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

i) Financial instruments *(continued)*

Derivative instruments *(continued)*

Certain commodity contracts for the physical purchase of natural gas qualify as own-use contracts. The Corporation entered into these contracts for the purpose of physical receipt of the natural gas in accordance with its own expected usage requirements for the generation of electricity. As such, these non-financial derivative contracts are not recorded at fair value on the Consolidated Statement of Financial Position; rather, the contracts are accounted for as a purchase at the time of delivery.

Derivatives may be embedded in other host instruments. Embedded derivatives are treated as separate derivatives when the economic characteristics and risks are not closely related to those of the host instrument, the embedded derivative has the same terms as those of a stand-alone derivative and the combined contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with subsequent changes recognized in net earnings.

The Corporation utilizes natural gas sales contracts with embedded derivatives for non-regulated contract sales to large end-use customers.

j) Impairments

Financial assets

A financial asset, that is not carried at fair value through profit or loss, is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset which can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Corporation on terms that the Corporation would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The Corporation considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment, the Corporation uses historical trends of the probability of default, the timing of recoveries, and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss, in respect of a financial asset measured at amortized cost, is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in net earnings and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through net earnings.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

j) Impairments *(continued)*

Non-financial assets

The carrying amounts of non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value-in-use and its fair value less costs to sell. In assessing value-in-use, the estimated future cash flows are discounted to present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit", or "CGU"). For the purposes of goodwill impairment testing, goodwill acquired in a business combination is allocated to the CGU, or the group of CGUs, that is expected to benefit from the synergies of the combination. This allocation is subject to an operating segment ceiling test and reflects the lowest level at which that goodwill is monitored for internal reporting purposes.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in net earnings. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Goodwill that forms part of the carrying amount of an investment in an associate is not recognized separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

k) Provisions

A provision is recognized if, as a result of a past event, the Corporation has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation, the timing or amount of which is uncertain. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the obligation or at the best estimate to settle the obligation at the end of the reporting period. The unwinding of the discount on provisions is recognized as finance expenses.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

k) Provisions *(continued)*

Decommissioning provisions

A decommissioning provision is a legal or constructive obligation associated with the decommissioning of a long-lived asset. The Corporation recognizes decommissioning provisions in the period incurred if a reasonable estimate of fair value (net present value) can be determined. The Corporation recognizes provisions to decommission coal, natural gas, cogeneration and wind generation facilities in the period in which the facility is commissioned.

The fair value of estimated decommissioning costs is recorded as a provision with an offsetting amount capitalized and included as part of property, plant and equipment. Decommissioning provisions are increased periodically for the passage of time by calculating accretion expense on the provision. The offsetting capitalized costs are depreciated over the estimated useful life of the related asset.

The calculations of fair value are based on detailed studies that take into account various assumptions regarding the anticipated future cash flows including the method and timing of decommissioning and an estimate of future inflation. Decommissioning provisions are periodically reviewed and any changes in the estimated timing and amount of future cash flows, as well as changes in the discount rate, are recognized as an increase or decrease in the carrying amount of the liability and the related asset. If the asset is fully depreciated, the changes are recognized in net earnings immediately.

Environmental remediation

A provision for environmental remediation is accrued when the occurrence of an environmental expenditure, related to present or past activities of the Corporation, is considered probable and the costs of remedial activities can be reasonably estimated. These estimates include costs for investigations and remediation at identified sites. These provisions are based on management's best estimate considering current environmental laws and regulations and are recorded at fair value. The Corporation reviews its estimates of future environmental expenditures on an ongoing basis. Changes in the estimated timing and amount of future cash flows, as well as changes in the discount rate, are recognized in net earnings immediately.

Unpaid insurance claims

The provision for unpaid claims represents an estimate of the total cost of outstanding claims. The estimate includes the cost of reported claims, claims incurred but not reported, an estimate of adjustment expenses to be incurred on these claims and a provision for adverse deviation in accordance with Canadian Institute of Actuaries' Standards. The estimates are necessarily subject to uncertainty and are selected from a range of possible outcomes. During the life of the claim, adjustments to the estimates are made as additional information becomes available. The change in outstanding losses plus paid losses is reported as claims incurred in the current period and is included in operating expenses.

l) Revenue

Natural gas sales and delivery

Revenue is recognized when natural gas is delivered to customers. An estimate of natural gas delivered, but not billed, is included in revenue.

Natural gas transportation and storage

Revenue is recognized when transportation, storage and related services are provided to the customer. An estimate of transportation, storage and related services rendered but not billed is included in revenue.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

l) Revenue *(continued)*

Electricity

Electricity pricing in Saskatchewan is subject to review by the Saskatchewan Rate Review Panel with final approval by provincial cabinet. Saskatchewan electricity sales and exports are recognized upon delivery to the customer and include an estimate of electricity deliveries not yet billed at period-end. The estimated unbilled revenue is based on several factors, including estimated consumption by customer, applicable customer rates and the number of days between the last billing date and the end of the period. Electricity trading contracts are recorded at fair value.

Telecommunications

Telecommunications revenue represents the fair value of the consideration received or receivable for the services provided and equipment sales, net of discounts, volume rebates and sales taxes. Revenue from the sale of equipment and rendering of services is recognized in the period the services are provided or the equipment is sold, when there is persuasive evidence that an arrangement exists, the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Corporation and, in the case of equipment sales, when the significant risks and rewards of ownership of the goods are transferred to the buyer. Where the Corporation acts as an agent in a transaction, amounts collected on behalf of the principal are excluded from revenue.

Revenues from local telecommunications, data, internet, entertainment and security services are recognized based on access to the Corporation's network and facilities at the rate plans in effect during the period the service is provided. Certain service connection charges and activation fees along with corresponding direct costs are deferred and recognized over the average expected term of the customer relationship. Revenues from long distance and wireless airtime are recognized based on the usage or rate plans in the period service is provided. Revenues from equipment sales are recognized when the significant risks and rewards of ownership of the goods are transferred to the buyer, typically when the equipment is delivered to and accepted by the customer.

Revenues for longer term contracts are recognized in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed. Payments received in advance are recorded as deferred revenue until the product or service is delivered.

Customer solutions may involve the delivery of multiple services and products that occur at different points and over different periods of time. The multiple services are separated into respective accounting units and consideration is allocated among the accounting units. The relevant revenue recognition policies are applied to each accounting unit. When an amount allocated to a delivered item is contingent upon the delivery of additional items or meeting specified performance conditions, the amount allocated to that delivered item is limited to the non-contingent amount.

When the Corporation receives no identifiable separate benefit for consideration given to a customer (discounts and rebates), the consideration is recorded as a reduction of revenue rather than as an expense.

Revenues are earned through the sale of print and on-line advertising. Advertising revenues are generally recognized, in accordance with the contractual terms with the advertisers, on a monthly basis over the life of the advertising, commencing with the display date. Amounts billed in advance for advertising are deferred and recognized over the life of the contract.

Revenues for perpetual licences are recognized on delivery or according to the terms of the licence agreement. Where the arrangement includes multiple elements, perpetual licence revenues are recognized on delivery, provided the undelivered elements are not essential to the functionality of the licence, the Corporation has evidence of fair value for all the undelivered items and completion costs are reliably measurable. Fees for professional services, other than in the context of multiple element

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

l) Revenue *(continued)*

Telecommunications *(continued)*

arrangements are recognized as services are rendered. Support and maintenance fees are recognized over the term of the contract. Revenues for customized software projects and consulting services are recognized using the percentage of completion method. Amounts billed or paid in advance of services provided are recorded as deferred revenue.

The Canadian Radio-television and Telecommunications Commission (CRTC) has established a National Subsidy Fund to subsidize Local Exchange Carriers (LECs), like the Corporation, that provide service to residential customers located in high cost service areas (HCSAs). The CRTC has set the rate per line and band for all LECs. The Corporation recognizes the revenue on an accrual basis by applying the rate to the number of residential network access lines served during the period in HCSAs.

Property and casualty insurance

The Corporation's property and casualty insurance policies have all been classified upon inception as insurance contracts. An insurance contract is a contract that transfers significant insurance risk and, upon the occurrence of the insured event, causes the insurer to make a benefit payment to the insured party. The sale of policies generates premiums written and are taken into net earnings over the terms of the related policies, no longer than twelve months. The portion of the policy premiums relating to the unexpired term of each policy is recorded as an unearned insurance premium (Note 17).

At the end of each period, a liability adequacy test is performed to validate the adequacy of unearned insurance premiums (Note 17) and deferred policy acquisition costs (included in prepaid expenses on the Consolidated Statement of Financial Position). A premium deficiency would exist if unearned insurance premiums are deemed insufficient to cover the estimated future costs associated with the unexpired portion of written insurance policies. A premium deficiency would be recognized immediately as a reduction of prepaid expenses to the extent that unearned insurance premiums plus anticipated finance income is not considered adequate to cover all deferred policy acquisition costs and related insurance claims and expenses. If the premium deficiency is greater than the unamortized deferred policy acquisition costs, an unearned insurance premium liability is accrued for the excess deficiency.

Gaming

Gaming revenue (table and slot revenues) represents the net win from gaming activities, which is the difference between the amounts wagered and the payouts by the casino. Gaming revenues are net of accruals for anticipated payouts of progressive jackpots.

Customer contributions

The Corporation obtains customer contributions related to the construction of new natural gas, electricity, water and wastewater service connections. Customer contributions for natural gas and electricity service are recognized initially as deferred revenue and are recognized into net earnings once the related property, plant and equipment is available for use. These customer contributions are often subject to refunds over a specified period. An estimate of these refunds remains in deferred revenue until the eligible refund period expires. Customer contributions received from water and wastewater customers are recognized initially as other liabilities when there is reasonable assurance that they will be received and the Corporation will comply with the conditions associated with the customer contract. The contributions are then recognized into net earnings on a systematic basis over the life of the related customer contract. If there is no customer contract in place the contributions are recognized into net earnings on a systematic basis over the life of the related assets.

Other

Revenue from sales of other products is recognized when goods are shipped and title has passed to the customer or based on the right to revenue pursuant to contracts with customers, tenants and clients.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

m) Government grants

Conditional government grants are initially measured at fair value and recognized as other liabilities provided that there is reasonable assurance that the grant will be received and the Corporation will comply with the conditions associated with the grant. Grants that compensate the Corporation for expenses incurred are recognized in net earnings in the same period in which the expenses are recognized. Grants that compensate the Corporation for the cost of an asset are capitalized and recognized in net earnings over the useful life of the asset.

n) Foreign currency transactions

Transactions in foreign currencies are translated to Canadian dollars at exchange rates at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Canadian dollars at the exchange rate at that date. Non-monetary assets and liabilities are translated using the exchange rates on the date of the transactions. Foreign currency differences arising on translation are recognized in net earnings.

o) Employee future benefits

The Corporation has three defined benefit pension plans, a defined contribution pension plan, and other plans that provide post-retirement benefits for its employees.

Defined contribution pension plan

A defined contribution plan is a post-employment benefit under which the Corporation pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to the defined contribution pension plan are recognized as an employee future benefit expense in net earnings in the period during which services are rendered by employees. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

Defined benefit pension plans

A defined benefit pension plan is a post-employment benefit plan in which the Corporation's net obligation is calculated by estimating the discounted amount of future benefit that employees have earned in return for service in the current and prior periods and deducting the fair value of plan assets.

The calculation of the net defined benefit pension obligation or asset is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the defined benefit pension plans or reductions in future contributions to the pension plans. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit pension obligation or asset, comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), and are recognized immediately in other comprehensive income (OCI). The net interest expense (income) on the net defined benefit pension plan obligation or asset is determined by applying the discount rate used to measure the defined benefit pension plan obligation or asset at the beginning of the period, to the net defined benefit pension plan obligation or asset, taking into account any changes in the net defined pension plan obligation or asset during the period as a result of contributions and benefit payments. Net interest expense related to the defined benefit pension plans is recognized immediately in net earnings as part of finance expenses.

When the benefits of the defined benefit pension plans are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in net earnings. The Corporation recognizes gains and losses on the settlement of defined benefit pension plans when the settlement occurs.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

o) Employee future benefits *(continued)*

Defined benefit pension plans *(continued)*

The discount rate used to determine the benefit obligation and the fair value of plan assets is determined by reference to market interest rates at the measurement date of high-quality debt instruments, with cash flows that match the timing and amount of expected benefit payments.

Other defined benefit plans

The Corporation's obligation in respect of employee future benefits other than pension plans is the discounted estimated amount of future benefit that employees have earned in return for service in the current and prior periods. The discount rate used to determine the benefit obligation is determined by reference to market interest rates at the measurement date of high-quality debt instruments, with cash flows that match the timing and amount of expected benefit payments. The calculation is performed by a qualified actuary using the projected unit credit method. Remeasurements, consisting of actuarial gains and losses, are recognized immediately in OCI. Net interest expense on the other defined benefit obligation is recognized immediately in net earnings as part of finance expenses.

The Corporation has not established a trust nor does it hold property for the specific purpose of providing benefits to the participants of these plans. Benefits are funded by the current operations of the Corporation.

p) Short-term employee benefits

Short-term employee benefit obligations are expensed as the related service is provided.

q) Assets held-for-sale

Assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than continuing use are classified as held-for-sale. Immediately before classification as held-for-sale, the assets (or components of a disposal group) are re-measured in accordance with the Corporation's accounting policies. Thereafter, generally the assets (or disposal group) are measured at the lower of the carrying amount and the fair value less costs to sell. Any impairment loss on a disposal group is first allocated to goodwill, and then to the remaining assets and liabilities on a pro-rata basis, except that no loss is allocated to inventories, employee future benefit assets, or investment property, which continue to be measured in accordance with the Corporation's accounting policies. Impairment losses on initial classification as held-for-sale and subsequent gains and losses on re-measurement are recognized in net earnings. Gains are not recognized in excess of cumulative impairment losses.

r) Finance income and expenses

Finance income comprises sinking fund earnings, interest income on investments at fair value through profit or loss, gains on sale of investments at fair value through profit or loss, changes in fair value of financial assets at fair value through profit or loss, and interest income from defined benefit pension plans.

Finance expenses comprise interest expense on financial liabilities measured at amortized cost, changes in the fair value of financial assets at fair value through profit or loss, accretion expense on provisions less interest capitalized, interest costs on defined benefit pension plans and other defined benefit plans, and amounts amortized to net earnings from accumulated other comprehensive loss. Borrowing costs that are directly attributable to the acquisition, construction, or production of a qualifying asset form part of the cost of that asset, with a corresponding decrease in financing expenses.

On the Consolidated Statement of Cash Flows, interest paid is classified as an operating activity, interest received is classified as an investing activity, dividends received are classified as an investing activity and dividends paid are classified as a financing activity.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

s) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risk and rewards of ownership to the Corporation. The Corporation has assessed its arrangements to determine whether or not leases exist. Certain take-or-pay power purchase agreements which, in management's judgement, give the Corporation the exclusive right to use specific production assets, meet the definition of a lease. These arrangements are classified as finance leases.

Assets held under finance leases are initially recognized at the lower of fair value at the inception of the lease or the present value of the minimum lease payments. The corresponding liability is recorded as a finance lease obligation. Each lease payment is allocated between the liability and interest so as to achieve a constant rate on the finance balance outstanding. The interest component is included in finance expense.

All other transactions in which the Corporation is the lessee are classified as operating leases. Payments made under operating leases are expensed over the term of the lease.

t) Discontinued operations

A discontinued operation is a component of the Corporation's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held-for-sale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held-for-sale if earlier. When an operation is classified as a discontinued operation, the comparative Consolidated Statement of Comprehensive Income (Loss) is reclassified as if the operation had been discontinued from the start of the comparative period.

u) New accounting standards and interpretations not yet adopted

Certain new standards, interpretations and amendments to existing standards were issued by the International Accounting Standards Board (IASB) or International Financial Reporting Interpretations Committee that are not yet effective for the fifteen months ended March 31, 2016. These include:

IAS 1, *Presentation of Financial Statements*

In December 2014, the IASB issued amendments to IAS 1, *Presentation of Financial Statements* to improve the effectiveness of presentation and disclosure in financial reports, with the objective of reducing immaterial disclosures. The amendments are effective for reporting periods beginning on or after January 1, 2016 and will be applied prospectively. The Corporation is currently evaluating the impact of these amendments on the consolidated financial statements.

IAS 7, *Statement of Cash Flows*

In January 2016, the IASB issued amendments to IAS 7, *Statement of Cash Flows* to require a reconciliation of opening and closing liabilities that form part of an entity's financing activities, including both changes arising from cash flows and non-cash changes. The amendments are effective for reporting periods beginning on or after January 1, 2017 and will be applied prospectively. The Corporation is currently evaluating the impact of these amendments on the consolidated financial statements.

IAS 16, *Property Plant and Equipment* and IAS 38, *Intangible Assets*

In May 2014, the IASB issued amendments to IAS 16, *Property Plant and Equipment* and IAS 38, *Intangible Assets* to clarify acceptable methods of depreciation and amortization. The amendments are effective for reporting periods beginning on or after January 1, 2016 and will be applied prospectively. The Corporation is currently evaluating the impact of these amendments on the consolidated financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

u) New accounting standards and interpretations not yet adopted *(continued)*

IFRS 4, *Insurance Contracts*

In June 2013, the IASB published a revised exposure draft (2013 ED) on accounting for insurance contracts which builds on consultations undertaken in 2007 and 2010. The 2013 ED is the result of deliberations at the IASB using comments received from constituents. The ED continues to propose a new standard on accounting for insurance contracts, which would replace IFRS 4, *Insurance Contracts*. Proposals represent a comprehensive IFRS accounting model for insurance contracts and are expected to have a significant impact on financial reporting of insurers. A final standard is expected in 2016 with implementation not expected before 2020. The Corporation is in the process of assessing the impact of the new proposed standard.

In July 2015, the IASB amended the existing IFRS 4 to mitigate accounting mismatches from the adoption of IFRS 9, *Financial Instruments*, before the new insurance contracts standard is issued. Insurers who meet certain criteria will be permitted to exclude from net income and recognize in other comprehensive income the difference between the amounts that would be recognized in net income in accordance with IFRS 9 and the amounts recognized in net income in accordance with IAS 39, *Financial Instruments: Recognition and Measurement*.

IFRS 9, *Financial Instruments*

In July 2014, the final version of IFRS 9, *Financial Instruments* was issued. The standard sets out the requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. It has also modified the hedge accounting model to better link the economics of risk management with the accounting treatment of hedges. The standard is effective for reporting periods beginning on or after January 1, 2018. IFRS 9 may affect the classification, measurement and valuation of certain assets and liabilities. The Corporation is in the process of assessing the impact of the adoption of the standard on the consolidated financial statements.

IFRS 11, *Joint Arrangements*

In May 2014, the IASB issued amendments to IFRS 11, *Joint Arrangements* to provide guidance on accounting for the acquisition of an interest in a joint operation. The amendments are effective for reporting periods beginning on or after January 1, 2016 and will be applied prospectively. The Corporation is currently evaluating the impact of these amendments on the consolidated financial statements.

IFRS 15, *Revenue from Contracts with Customers*

In May 2014, the IASB issued IFRS 15, *Revenue from Contracts with Customers*. The new standard establishes principles to record revenues from contracts for the sale of goods or services, unless the contracts are in the scope of other IFRS standards. Under IFRS 15, revenue is recognized at an amount that reflects the expected consideration receivable in exchange for transferring goods or services to a customer, applying the following five steps:

1. Identify the contract with a customer.
2. Identify the performance obligations in the contract.
3. Determine the transaction price.
4. Allocate the transaction price to the performance obligations in the contract.
5. Recognize revenue when (or as) the entity satisfies a performance obligation.

The new standard also provides guidance relating to contract costs and for the measurement and recognition of gains and losses on the sale of certain non-financial assets such as property and equipment. Additional disclosures will also be required under the new standard. IFRS 15 must be adopted for annual periods beginning on or after January 1, 2018 using either a full retrospective approach for all periods presented in the period of adoption or a modified retrospective approach.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

u) New accounting standards and interpretations not yet adopted *(continued)*

IFRS 15, *Revenue from Contracts with Customers* *(continued)*

IFRS 15 will affect how the Corporation accounts for revenues and contract costs for certain operations and segments. The Corporation is in the process of assessing the impact of the adoption of the standard on the consolidated financial statements.

IFRS 16, *Leases*

In January 2016, IFRS 16, *Leases* was issued. IFRS 16 replaces IAS 17, *Leases*. Under the new standard all leases will be brought onto companies' balance sheets. IFRS 16 also removes the classification of leases as either operating leases or finance leases (for the lessee - the lease customer), treating all leases as finance leases. IFRS 16 must be adopted for annual periods beginning on or after January 1, 2019. IFRS 16 will affect the classification, measurement and valuation of leases. The Corporation is currently assessing the impact of the standard on the consolidated financial statements.

Annual Improvements Cycles

In September 2014, the IASB issued *Annual Improvements Cycle 2012-2014*. These amendments are effective for annual periods beginning on or after January 1, 2016. The Corporation does not expect these amendments to significantly impact the consolidated financial statements.

5. STATUS OF CIC

CIC was established by Order in Council 535/47 dated April 2, 1947, and is continued under the provisions of *The Crown Corporations Act, 1993*. CIC is an agent of Her Majesty in Right of the Province of Saskatchewan and as a provincial Crown corporation is not subject to federal and provincial income taxes. Certain associates, joint ventures, joint operations and subsidiaries are not provincial Crown corporations and are subject to federal and provincial income taxes.

6. CASH AND CASH EQUIVALENTS

(thousands of dollars)

	March 31 2016	December 31 2014
Cash	$ 141,796	$ 67,964
Short-term investments	128,695	323,640
	$ 270,491	$ 391,604

The weighted average interest rate for short-term investments included in cash and cash equivalents at March 31, 2016 was 0.7 per cent (December 2014 - 1.1 per cent).

7. INVESTMENTS

(thousands of dollars)

	March 31 2016	December 31 2014
Short-term investments		
Short-term investments - at fair value through profit or loss	$ 150,997	$ 80,226
Loans receivable - Immigrant Investor Program (IIP) (a)	85,002	40,735
Sinking funds - at fair value through profit or loss (b)	10,360	6,540
	$ 246,359	$ 127,501
Portfolio investments		
Portfolio investments - at fair value through profit or loss	$ 327,497	$ 307,810
Bonds, debentures, loans and notes receivable		
Bonds and debentures - at fair value through profit or loss	233,136	350,159
Bonds and debentures - held to maturity	53,858	53,763
Loans receivable - IIP (a)	28,155	48,100
	315,149	452,022
Leases receivable	3,056	2,395
Sinking funds - at fair value through profit or loss (b)	770,402	674,556
Other - at fair value through profit or loss	2,185	1,955
	$ 1,418,289	$ 1,438,738
Securities lending program (d)		
Short-term investments		
Short-term investments - at fair value through profit or loss	$ 63,768	$ 65,074
Bonds, debentures, loans and notes receivable		
Bonds and debentures - at fair value through profit or loss	$ 94,289	$ 28,399

a) Included in loans receivable is $54.9 million (December 2014 - $15.7 million) of current loans and $28.2 million (December 2014 - $43.1 million) of non-current loans with various builders and developers which are used to construct housing units for subsequent sale to eligible parties pursuant to the HeadStart on a Home program (Note 9(b)). Principal is repayable on demand. In the absence of a demand for principal repayment, principal is repayable upon the sale of individual units and no later than loan maturity which is defined as sixteen - eighteen months from the date the loan is advanced.

Accrued interest is payable on demand. In the absence of such demand, interest is payable monthly. Interest is subject to the following terms:

i) At a fixed rate of 4.0 per cent calculated daily and payable monthly in arrears during construction;

ii) In the event of default, the borrower pays interest at a fixed rate of 4.0 per cent with interest on overdue interest at the same rate, compounded monthly; and

iii) Upon demand being made, interest is payable both before and after maturity or default at the rate of the Bank of Canada prime rate plus 5.0 per cent with interest on overdue interest at the same rate, compounded monthly.

7. INVESTMENTS *(continued)*

b) Changes in the carrying amount of sinking funds are as follows (thousands of dollars):

	Fifteen Months March 31 2016	Twelve Months December 31 2014
Sinking funds, beginning of period	**$ 681,096**	$ 551,161
Net installments	**70,062**	50,845
Earnings	**48,309**	26,864
Valuation adjustment	**(18,705)**	52,226
Sinking funds, end of period	**780,762**	681,096
Less current portion	**(10,360)**	(6,540)
	$ 770,402	$ 674,556

Sinking fund installments due in each of the next five years are as follows (thousands of dollars):

2016-17	$ 68,340
2017-18	67,262
2018-19	66,672
2019-20	66,076
2020-21	65,746

c) The Corporation holds one Class B share of Cameco Corporation (Cameco) which provides the Corporation with the ability to exercise special voting rights with respect to the location of Cameco's head office.

d) Through its custodian, the Corporation participates in an investment securities lending program for the purpose of generating fee income. When securities are loaned, the Corporation is exposed to counterparty risk, which is the risk that the borrower will not return the loaned securities, or if the collateral is liquidated, it may be for less than the value of the loan. The Corporation mitigates this risk through non-cash collateral and a guarantee provided by its custodian. Non-cash collateral of at least 105.0 per cent of the market value of the loaned securities is retained by the Corporation until the loaned securities have been returned. The market value of the loaned securities is monitored on a daily basis with additional collateral obtained or refunded as the market value of the loaned securities fluctuates. In addition, the custodian provides indemnification against any potential losses in the securities lending program. While in the possession of counterparties, the loaned securities may be resold or re-pledged by such counterparties.

At March 31, 2016, the Corporation held collateral of $166.0 million (December 2014 - $98.2 million) for the loaned securities.

8. FINANCIAL AND INSURANCE RISK MANAGEMENT

Financial risk management

The Corporation is exposed to market risk (power generation, natural gas sales, equity prices, sinking funds, foreign exchange rates, and interest rates), credit risk, and liquidity risk. The Corporation utilizes a number of financial instruments to manage market risk. The Corporation mitigates these risks through Board-approved policies, limits on use and amount of exposure, internal monitoring, and compliance reporting to senior management and the Board.

8. FINANCIAL AND INSURANCE RISK MANAGEMENT *(continued)*

Financial risk management *(continued)*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair values are estimates using present value and other valuation techniques which are significantly affected by the assumptions used concerning the amount and timing of estimated future cash flows and discount rates that reflect varying degrees of risk. Therefore, due to the use of judgement and future-oriented information, aggregate fair value amounts should not be interpreted as being realizable in an immediate settlement of the instruments.

(thousands of dollars)		March 31, 2016		December 31, 2014	
Financial Instruments	**Classification (i)**	**Carrying Amount**	**Fair Value**	**Carrying Amount**	**Fair Value**
Financial Assets					
Cash and cash equivalents	FVTPL	$ 270,491	$ 270,491	$ 391,604	$ 391,604
Accounts receivable	LAR	848,295	848,295	818,276	818,276
Derivative financial assets	FVTPL	11,374	11,374	27,497	27,497
Restricted cash and cash equivalents	FVTPL	75,994	75,994	119,108	119,108
Investments - amortized cost	HTM	53,858	53,858	53,763	53,763
Investments - sinking funds - fair value	FVTPL	780,762	780,762	681,096	681,096
Investments - fair value	FVTPL	871,872	871,872	833,623	833,623
Investments - loans	LAR	3,056	(ii)	2,395	(ii)
Investments - loans - IIP	LAR	113,157	112,838	88,835	90,659
Financial Liabilities					
Bank indebtedness	FVTPL	-	-	15,363	15,363
Trade and other payables	OL	718,426	718,426	917,277	917,277
Derivative financial liabilities	FVTPL	266,086	266,086	202,692	202,692
Notes payable	OL	1,523,083	1,523,083	1,353,369	1,353,369
Long-term debt	OL	7,148,191	8,476,830	6,362,748	7,837,714
Finance lease obligations	OL	1,144,516	1,287,176	1,145,187	1,282,233

		March 31, 2016		December 31, 2014	
Derivative Instruments	**Classification (i)**	**Asset**	**(Liability)**	**Asset**	**(Liability)**
Physical natural gas contracts	FVTPL	$ 11,229	$ (87,437)	$ 22,397	$ (83,028)
Natural gas price swaps	FVTPL	-	(174,725)	1,498	(101,220)
Electricity contracts for differences	FVTPL	145	(282)	115	(29)
Physical electricity forwards	FVTPL	-	(397)	3,487	-
Bond forward agreements	FVTPL	-	(3,245)	-	(18,415)
		$ 11,374	$ (266,086)	$ 27,497	$ (202,692)

i) Classification details are:

FVTPL - fair value through profit or loss
HTM - held-to-maturity
LAR - loans and receivables
OL - other liabilities

ii) The uncertainty and potentially broad range of fair values for Investments - loans (loans and receivables), renders the disclosure of a fair value with appropriate reliability impractical.

8. FINANCIAL AND INSURANCE RISK MANAGEMENT *(continued)*

Financial risk management *(continued)*

a) Fair value hierarchy

Fair value measurements are categorized into levels within a fair value hierarchy based on the nature of inputs used in the valuation.

Level 1 - Unadjusted quoted prices for identical assets or liabilities are readily available from an active market. The Corporation defines an active market based on the frequency of valuation, any restrictions or illiquidity on disposition of the underlying asset or liability, and trading volumes.

Level 2 - Inputs, other than quoted prices included in level 1, that are observable either directly or indirectly.

Level 3 - Inputs are not based on observable market data.

The Corporation's financial instruments are categorized within this hierarchy as follows (thousands of dollars):

	March 31, 2016			
	Level 1	**Level 2**	**Level 3**	**Total**
Cash and cash equivalents	$ 270,491	$ -	$ -	$ 270,491
Restricted cash and cash equivalents	75,994	-	-	75,994
Bank indebtedness	-	-	-	-
Notes payable	1,523,083	-	-	1,523,083
Investments carried at fair value through profit or loss (i) (ii)	407,564	1,102,695	142,375	1,652,634
Investments - amortized cost	-	53,858	-	53,858
Investments - loans - IIP	-	112,838	-	112,838
Finance lease obligations	-	1,287,176	-	1,287,176
Long-term debt	-	8,476,830	-	8,476,830
Physical natural gas contracts - net	-	(76,208)	-	(76,208)
Natural gas price swaps - net	-	(174,725)	-	(174,725)
Electricity contracts for differences - net	-	(137)	-	(137)
Physical electricity forwards - net	-	(397)	-	(397)
Bond forwards - net	-	(3,245)	-	(3,245)

	December 31, 2014			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 391,604	$ -	$ -	$ 391,604
Restricted cash and cash equivalents	119,108	-	-	119,108
Bank indebtedness	15,363	-	-	15,363
Notes payable	1,353,369	-	-	1,353,369
Investments carried at fair value through profit or loss	355,112	1,053,167	106,440	1,514,719
Investments - amortized cost	-	53,763	-	53,763
Investments - loans - IIP	-	90,659	-	90,659
Finance lease obligations	-	1,282,233	-	1,282,233
Long-term debt	-	7,837,714	-	7,837,714
Physical natural gas contracts - net	-	(60,631)	-	(60,631)
Natural gas price swaps - net	-	(99,722)	-	(99,722)
Electricity contracts for differences - net	-	86	-	86
Physical electricity forwards - net	-	3,487	-	3,487
Foreign exchange contracts	-	(18,415)	-	(18,415)

8. FINANCIAL AND INSURANCE RISK MANAGEMENT *(continued)*

Financial risk management *(continued)*

a) Fair value hierarchy *(continued)*

The changes in level 3 investments carried at fair value are as follows (thousands of dollars):

	Fifteen Months March 31 2016	Twelve Months December 31 2014
Balance, beginning of period	$ 106,440	$ 9,582
Unrealized gains (losses) attributable to assets held at the end of the period included in impairment losses	1,781	1,073
Purchases	32,027	-
Sales	(1,050)	(111)
Transfers in	-	95,756
Other	3,177	140
Balance, end of period	$ 142,375	$ 106,440

During the prior period, the Corporation transferred investments from level 2 to level 3 as the nature of the inputs used in their respective valuations was no longer based on observable market data.

Investments carried at fair value through profit or loss

i) Categorized as level 2

Investments carried at fair value through profit and loss and categorized as level 2 in the hierarchy include sinking funds, bonds, debentures, and certain loans related to IIP as disclosed in Note 7.

The fair value of sinking funds is determined by the Saskatchewan Ministry of Finance, using a market approach, with information provided by investment dealers. To the extent possible, valuations reflect indicative secondary pricing for these securities. In all other circumstances, valuations are determined with reference to similar actively traded instruments.

The fair value of bonds and debentures is derived from market price data for same or similar instruments obtained from the investment custodian, investment managers or dealer markets.

The fair value of loans related to the IIP is calculated by discounting scheduled cash flows through to the estimated maturity of the loan using commercial interest rates for similar term loans.

ii) Categorized as level 3

Where evidence of a recent arm's length transaction has occurred in the shares of an unlisted equity position held by the Corporation, the Corporation considers such a transaction to generally provide a good indication of fair value. Where a recent arm's length transaction has not occurred, or secondary indicators exist which would question the applicability of a recent transaction, the Corporation considers alternative valuation methodologies. These methods are primarily focused on the projected earnings or cash flows of the business, discounted to present value by applying a discount rate which appropriately reflects industry and company specific risk factors.

Determining fair value for the Corporation's category 3 investments, which are not publicly traded and recorded at fair value through profit or loss, requires application of professional judgement and use of estimates. Significant estimates utilized by the Corporation include the timing and amount of future cash flows, anticipated economic outlook for the investee's industry, impact of pending or potential regulation or legislation, forecast consumer tastes, emergence of substitute products, anticipated fluctuations in commodities prices, and macro-economic demand.

8. FINANCIAL AND INSURANCE RISK MANAGEMENT *(continued)*

Financial risk management *(continued)*

a) Fair value hierarchy *(continued)*

ii) Categorized as level 3 *(continued)*

Significant aspects of professional judgement include selecting an appropriate valuation approach, determining a range of appropriate risk-adjusted rates of return for a series of cash flows, and assessing the risk inherent in cash flows, the probabilities of micro and macro-economic variables occurring, and probabilities of potentially significant company, industry, or economic factors occurring or failing to occur as the case may be.

Level 3 includes a pooled mortgage fund and a real estate fund. The fair value of these investments is based on the Corporation's share of the net asset value of the respective fund, as determined by its investment manager, and used to value purchases and sales of units in the investments. The fair value for the pooled mortgage fund is determined based on market values of the underlying mortgage investments, calculated by discounting scheduled cash flows through to the estimated maturity of the mortgages (using spread-based pricing over Government of Canada bonds with a similar term to maturity), subject to adjustments for liquidity and credit risk. The fair value of the pooled real estate fund is determined based on the most recent appraisals of the underlying properties. Real estate properties are appraised semi-annually by external, independent professional real estate appraisers who are accredited through the Appraisals Institute of Canada. Real estate appraisals are performed in accordance with generally accepted appraisal standards and procedures, and are based primarily on the discounted cash flow and income capitalization methods.

In circumstances where fair value cannot be estimated reliably, the category 3 investment is reported at the carrying value at the previous reporting date unless there is evidence that the investment has since been impaired. All recorded values of investments are reviewed at each reporting date for any indication of impairment and adjusted accordingly.

Long-term debt

The fair value of long-term debt is determined using an income approach. Fair values are estimated using the present value of future cash flows, discounted at the market rate of interest for the equivalent Province of Saskatchewan debt instruments.

Finance lease obligations

Finance lease obligations are valued using internal cash flow models based on contracted pricing in the Corporation's power purchase agreements. The contracted cash flows are discounted using the Government of Saskatchewan bond yields adjusted for a negotiated risk premium.

Derivative financial assets and liabilities

The fair value of electricity-related derivatives, physical natural gas contracts, and natural gas price swaps is determined using a market approach. The Corporation obtains quoted market prices from sources such as the New York Mercantile Exchange, the Natural Gas Exchange, independent price publications, and over-the-counter broker quotes. The fair value of natural gas price options is determined using an industry-standard valuation model which requires the use of various assumptions, including quoted market values, interest rates, and volatility estimates for forward natural gas prices that are based on external market sources. Where contract prices are referenced to an index price that has been fixed, the market price has been used to estimate the contract price.

Bond forward fair values are determined using internal discounted cash flow models that rely on Government of Canada bond yields provided by independent reference dealers. The contracted cash flows are discounted using observable yield curves.

8. FINANCIAL AND INSURANCE RISK MANAGEMENT *(continued)*

Financial risk management *(continued)*

a) Fair value hierarchy *(continued)*

Financial asset and liabilities legal rights to offset

Financial assets and liabilities are offset within the Consolidated Statement of Financial Position if the Corporation has the legal right to offset and intends to settle on a net basis. When natural gas contracts settle or become realized, the Corporation records the amount due to or from counterparties within accounts receivable or trade and other payables. The Corporation offsets these amounts when the counterparty and timing of settlements are the same, which reflects the Corporation's expected future cash flows from settling its natural gas contracts. At period-end, the following amounts were netted within the Consolidated Statement of Financial Position (thousands of dollars):

	March 31 2016	December 31 2014
Accounts receivable		
Gross amount recognized	$ 10,249	$ 20,536
Amount offset	(7,573)	(12,708)
Net amount presented within the Consolidated Statement of Financial Position	$ 2,676	$ 7,828
Trade and other payables		
Gross amount recognized	$ 29,350	$ 36,894
Amount offset	(7,573)	(12,708)
Net amount presented within the Consolidated Statement of Financial Position	$ 21,777	$ 24,186

Other financial assets and liabilities

Other financial assets and liabilities including accounts receivable and trade and other payables have not been classified in the fair value hierarchy given that carrying value approximates fair value due to immediate or short-term maturity.

b) Unrealized losses on financial instruments

Depending on the nature of the derivative instrument and market conditions, the change in fair value of derivative financial assets and derivative financial liabilities is recorded in net earnings as either revenue or operating expenses. The impact of unrealized losses on net earnings is as follows (thousands of dollars):

	Fifteen Months March 31 2016	Twelve Months December 31 2014
Revenue	$ (10,185)	$ 11,220
Finance income	-	(302)
Operating expenses	(83,690)	(101,901)
Decrease in net earnings	$ (93,875)	$ (90,983)

8. FINANCIAL AND INSURANCE RISK MANAGEMENT *(continued)*

Financial risk management *(continued)*

c) Market risk

The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing return. The Corporation manages the following market risks:

Power generation

The Corporation is exposed to natural gas price risk through natural gas purchased for its natural gas-fired power plants and through certain power purchase agreements that have a cost component based on the market price of natural gas. As at March 31, 2016, the Corporation had entered into financial and physical natural gas contracts to price manage approximately 74.0 per cent of its budgeted natural gas purchases for electricity generation for 2016-17, 65.0 per cent for 2017-18, 56.0 per cent for 2018-19, 50.0 per cent for 2019-20, 29.0 per cent for 2020-21, 26.0 per cent for 2021-22, 20.0 per cent for 2022-23, 14.0 per cent for 2023-24, 9.0 per cent for 2024-25, and 3.0 per cent for 2025-26.

Based on the Corporation's March 31, 2016 closing positions on its financial natural gas hedges a $1 per gigajoule (GJ) increase in the price of natural gas would have resulted in a $114.0 million improvement in the unrealized market value adjustments recognized in net earnings in the period. This sensitivity analysis does not represent the underlying exposure to changes in the price of natural gas on the remaining forecasted natural gas purchases which are unhedged as at March 31, 2016.

The Corporation is exposed to electricity price risk on its electricity trading activities. Electricity trading risks are managed through limits on the size and duration of transactions and open positions, including Value at Risk (VaR) limits. VaR is the most commonly used metric employed to track and manage the market risk associated with trading positions. A VaR measure gives, for a specific confidence level, an estimated potential loss that could be incurred over a specified period of time. VaR is used to measure the potential change in value for the proprietary trading portfolio, over a ten day period with a 95.0 per cent confidence level, resulting from normal market fluctuations. VaR is estimated using the historical variance/co-variance approach.

VaR has certain inherent limitations. The use of historical information in the estimate assumes that price movements in the past will be indicative of future market risk. As such, it may be only meaningful under normal market conditions. Extreme market events are not addressed by this risk measure. In addition, the use of a 10-day measurement period implies that positions can be unwound or hedged within that period; however, this may not be possible if the market becomes illiquid. The Corporation recognizes the limitations of VaR and actively uses other controls, including restrictions on authorized instruments, volumetric and term limits, stress-testing of individual portfolios and of the total proprietary trading portfolio, and management review.

As at March 31, 2016, the VaR associated with electricity trading activities was Nil (December 2014 - $0.7 million).

Natural gas sales

The Corporation purchases natural gas for resale to its customers. While natural gas is purchased at fluctuating market prices, the Corporation sells natural gas to customers at a fixed commodity rate that is reviewed semi-annually. As part of its natural gas price risk management, the Corporation uses derivative instruments to manage the price of the natural gas it buys. The Corporation's objective is to reduce the volatility of natural gas prices and to have rates that are competitive to other utilities. The Corporation also purchases and sells natural gas in the open market to generate incremental net earnings through its natural gas marketing activities.

8. FINANCIAL AND INSURANCE RISK MANAGEMENT *(continued)*

Financial risk management *(continued)*

c) Market risk *(continued)*

Natural gas sales *(continued)*

The purchase or sale price of natural gas may be fixed within the contract or referenced to a floating index price. When the price is referenced to a floating index price, natural gas derivative instruments may be used to fix the settlement amount. The types of natural gas derivative instruments the Corporation may use for price risk management include natural gas price swaps, options, swaptions and forward contracts.

The Corporation's commodity price risk management strategy establishes specific hedging targets, which may differ depending on current market conditions, to guide natural gas risk management activities. Additionally, the Corporation uses mark-to-market value, VaR and net exposure to monitor natural gas price risk.

Based on the Corporation's period-end closing positions, an increase of $1 per GJ in natural gas prices would have increased net earnings, through an increase in the fair value of natural gas derivative instruments, by $60.0 million (December 2014 - $87.0 million). Conversely, a decrease of $1 per GJ would have decreased net earnings, through a decrease in the fair value of natural gas derivative instruments, by $61.0 million (December 2014 - $87.0 million).

Equity price risk

Equity price risk represents the potential for loss from changes in the value of equity investments.

The Corporation is exposed to changes in equity prices in Canadian, U.S. and EAFE (Europe, Australia and Far East) markets. The fair value of these equities at March 31, 2016 was $192.8 million (December 2014 - $209.8 million). Individual stock holdings are diversified by geography, industry type, and corporate entity. No one investee or related group of investees represents greater than 10.0 per cent of the market value of the Corporation's common share portfolio. As well, no one holding represents more than 10.0 per cent of the voting shares of any corporation.

The Corporation's equity price risk is assessed using VaR to measure the potential change in the value of an asset class. The VaR has been calculated based on volatility over a four-year period, using a 95.0 per cent confidence level. As such, it is expected that the annual change in the portfolio market value will fall within the range outlined in the following table 95.0 per cent of the time (19 times out of 20 years).

Asset Class (thousands of dollars)		**March 31 2016**		**December 31 2014**
Canadian pooled equity fund and Canadian common shares	+/-	**$ 10,896**	+/-	$ 22,409
Global pooled equity fund	+/-	**23,111**	+/-	-
Global small cap pooled equity fund	+/-	**4,162**	+/-	-
U.S. pooled equity fund and U.S. common shares	+/-	**-**	+/-	22,728
Non-North American pooled equity fund	+/-	**-**	+/-	13,410

8. FINANCIAL AND INSURANCE RISK MANAGEMENT *(continued)*

Financial risk management *(continued)*

c) Market risk *(continued)*

Sinking funds

The Corporation has on deposit with the GRF, under the administration of the Saskatchewan Ministry of Finance, $780.8 million (December 2014 - $681.1 million) in sinking funds required for certain long-term debt issues. At March 31, 2016, the GRF has invested these funds primarily in Provincial and Federal government bonds with varying maturities to coincide with related debt maturities and are managed based on this maturity profile and market conditions. The Corporation may be exposed to interest rate risk on the sinking funds. Assuming all other variables remain constant at March 31, 2016, a change in interest rates of 1.0 per cent would have a $73.4 million impact on net earnings.

Interest rate risk

The Corporation may be exposed to interest rate risk arising from fluctuations in interest rates on short-term and long-term debt. Interest rate risk is managed by having an appropriate mix of fixed and floating rate debt. When deemed appropriate, the Corporation may use derivative financial instruments to manage interest rate risk. If interest rates were to change by 1.0 per cent, this would result in an increase or decrease in net earnings of approximately $15.2 million at March 31, 2016 (December 2014 - $15.9 million).

The Corporation is exposed to changes in interest rates in its fixed income investments, including short-term investments, bonds, debentures, and pooled mortgage investments. It is estimated that a 1.0 per cent increase or decrease in interest rates would decrease or increase net earnings by $12.2 million at March 31, 2016 (December 2014 - $12.1 million).

Foreign currency risk

The Corporation is exposed to currency risk, primarily U.S. dollars, through transactions with foreign suppliers and short-term foreign commitments. The Corporation may use a combination of derivative financial instruments to manage these exposures when deemed appropriate. However, the Corporation has no material financial contracts in place to manage foreign currency risk as of March 31, 2016. A 10.0 per cent weakening in the Canadian dollar versus the U.S. dollar exchange rate would have a $9.7 million unfavourable impact on net earnings while a 10.0 per cent strengthening would have a $9.7 million favourable impact on net earnings.

d) Credit risk

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. Concentration of credit risk relates to groups of customers or counterparties that have similar economic or industry characteristics that cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. The Corporation does not have material concentrations of credit risk given that the majority of accounts receivable is diversified among many residential, farm and commercial customers primarily throughout Saskatchewan.

The Corporation has concentrations of credit risk on its loans receivable which are due from builders and developers located in Saskatchewan and therefore could be similarly impacted by changes in the Saskatchewan economy. However, the loans are diversified with companies and in communities throughout Saskatchewan and therefore may not be identically impacted by changes in the overall Saskatchewan economy. Credit risk on these loans is mitigated through the Corporation holding a security interest in the units financed and constructed with loan proceeds and the land upon which the units are constructed.

In addition, the Corporation maintains credit policies and limits to mitigate credit risk related to short-term investments, bonds, debentures, loans, notes receivable, leases receivable and counterparties to derivative instruments.

8. FINANCIAL AND INSURANCE RISK MANAGEMENT *(continued)*

Financial risk management *(continued)*

d) Credit risk *(continued)*

The carrying amount of financial assets represents the maximum credit exposure as follows (thousands of dollars):

	March 31 2016	December 31 2014
Cash and cash equivalents	$ 270,491	$ 391,604
Short-term investments	310,127	192,575
Accounts receivable	848,295	818,276
Derivative financial assets	11,374	27,497
Restricted cash and cash equivalents	75,994	119,108
Investments - amortized cost	53,858	53,763
Investments - at fair value through profit or loss	1,427,509	1,362,879
Investments - loans and receivables	31,211	50,495
	$ 3,028,859	$ 3,016,197

The allowance for doubtful accounts, which provides an indication of potential impairment losses, is reviewed quarterly based on an analysis of the aging of accounts receivable and an estimate of outstanding amounts that are considered to be uncollectible. Historically, the Corporation has not written off a significant portion of its accounts receivable balances.

The allowance for doubtful accounts and the aging of accounts receivable are detailed as follows (thousands of dollars):

Allowance for doubtful accounts	March 31 2016	December 31 2014
Opening balance	$ 22,343	$ 17,985
Less: Accounts written off and other	(21,413)	(13,294)
Recoveries	6,151	5,007
Provision for losses	25,280	12,645
Ending balance	$ 32,361	$ 22,343
Accounts receivable		
Current	$ 798,986	$ 741,803
30-59 Days	27,677	29,598
60-89 Days	9,573	33,974
Greater than 90 Days	44,420	35,244
Gross accounts receivable	880,656	840,619
Allowance for doubtful accounts	(32,361)	(22,343)
Net accounts receivable	$ 848,295	$ 818,276

e) Liquidity risk

Liquidity risk is the risk that the Corporation is unable to meet its financial commitments as they become due. CIC is a provincial Crown corporation and as such has access to capital markets through the GRF. The Corporation, through its diversified holdings and capital allocation and dividend policies, can allocate resources to ensure that all financial commitments made are met.

Where necessary, the Corporation can borrow funds from the GRF, adjust dividend rates, obtain or make grants, or be provided with or provide equity injections to solve liquidity issues.

8. FINANCIAL AND INSURANCE RISK MANAGEMENT *(continued)*

Financial risk management *(continued)*

e) Liquidity risk *(continued)*

The following summarizes the contractual maturities of the Corporation's financial liabilities at March 31, 2016 (thousands of dollars):

	Carrying Amount	Contractual Cash Flows					
		Total	0-6 Months	7-12 Months	1-2 Years	3-5 Years	More than 5 Years
Long-term debt[1]	$ 7,148,191	$13,159,978	$ 230,135	$ 320,512	$ 539,696	$ 1,616,765	$10,452,870
Trade and other payables	718,426	718,426	718,426	-	-	-	-
Derivative financial liabilities[2]	266,086	420,473	259,466	59,676	59,024	42,307	-
Other liabilities[3]	1,994,093	1,994,959	1,679,297	69,714	69,454	102,491	74,003
	$10,126,796	$16,293,836	$ 2,887,324	$ 449,902	$ 668,174	$ 1,761,563	$10,526,873

The Corporation anticipates generating sufficient cash flows through operations or credit facilities to support these contractual cash flows.

The following summarizes the contractual maturities of the Corporation's financial liabilities at December 31, 2014 (thousands of dollars):

	Carrying Amount	Contractual Cash Flows					
		Total	0-6 Months	7-12 Months	1-2 Years	3-5 Years	More than 5 Years
Long-term debt[1]	$ 6,362,748	$ 11,964,602	$ 104,606	$ 220,648	$ 557,586	$ 1,343,203	$ 9,738,559
Trade and other payables	917,277	917,277	917,277	-	-	-	-
Derivative financial liabilities[2]	202,692	373,365	180,030	63,918	82,285	47,130	2
Other liabilities[3]	1,851,979	1,853,619	1,546,114	72,692	67,861	99,726	67,226
	$ 9,334,696	$ 15,108,863	$ 2,748,027	$ 357,258	$ 707,732	$ 1,490,059	$ 9,805,787

[1] Contractual cash flows for long-term debt include principal and interest payments, but exclude sinking fund installments.

[2] The terms and conditions of certain derivative financial instrument contracts require the Corporation to provide collateral when the fair value of the obligation pursuant to these contracts is in excess of credit limits granted. As at March 31, 2016 and December 31, 2014, the Corporation has provided no collateral for these contracts.

[3] Other liabilities include: bank indebtedness, notes payable, provision for unpaid insurance claims (Note 18), amounts due to reinsurers (Note 17) and premium taxes payable (Note 17).

Insurance risk management

Insurance risk arises with respect to the adequacy of the Corporation's insurance premium rates and provision for unpaid claims (consisting of underwriting and actuarial risks).

f) Underwriting risk

The Corporation manages its insurance risk though its underwriting and reinsurance strategies within an overall strategic planning process. Pricing is based on assumptions with regard to past experiences and trends. Exposures are managed by having documented underwriting limits and criteria, product and geographic diversification and reinsurance.

i) Diversification

The Corporation writes property, liability and motor risks over a twelve month period. The most significant risks arise from weather-related events such as severe storms. The Corporation attempts to mitigate risk by conducting business in a number of provinces across Canada and by offering different lines of insurance products.

8. FINANCIAL AND INSURANCE RISK MANAGEMENT *(continued)*

Insurance risk management *(continued)*

f) Underwriting risk *(continued)*

i) Diversification *(continued)*

The concentration of insurance risk by line of business and region is summarized below by reference to the provision for unpaid insurance claim liabilities (Note 18) (thousands of dollars):

	Gross		Reinsurance Recoverable		Net	
	March 31 2016	December 31 2014	March 31 2016	December 31 2014	March 31 2016	December 31 2014
Automobile	$ 219,106	$ 212,286	$ 13,755	$ 12,928	$ 205,351	$ 199,358
Property	130,965	153,809	13,305	36,781	117,660	117,028
Liability	58,328	54,683	2,671	3,404	55,657	51,279
Assumed	4,318	5,327	-	-	4,318	5,327
Discount	22,399	20,115	1,585	2,372	20,814	17,743
Other	5,638	5,364	-	-	5,638	5,364
	$ 440,754	$ 451,584	$ 31,316	$ 55,485	$ 409,438	$ 396,099

	Gross		Reinsurance Recoverable		Net	
	March 31 2016	December 31 2014	March 31 2016	December 31 2014	March 31 2016	December 31 2014
Saskatchewan	$ 231,641	$ 258,575	$ 14,767	$ 39,966	$ 216,874	$ 218,609
Ontario	127,534	125,653	12,226	11,441	115,308	114,212
Alberta	70,554	59,284	4,226	3,519	66,328	55,765
Maritimes	1,985	1,729	-	-	1,985	1,729
Manitoba	8,895	6,343	97	559	8,798	5,784
British Columbia	145	-	-	-	145	-
	$ 440,754	$ 451,584	$ 31,316	$ 55,485	$ 409,438	$ 396,099

The concentration of insurance risk by region and line of business is summarized below by reference to gross premiums written (thousands of dollars):

		Fifteen Months March 31, 2016				
	Note	Automobile	Personal Property	Commercial Property	Liability	Total
Saskatchewan		$ 193,584	$ 258,076	$ 65,310	$ 44,899	$ 561,869
Manitoba		-	13,878	7,703	4,067	25,648
Alberta		71,913	36,786	10,860	9,303	128,862
Ontario		58,065	8,123	8,143	4,709	79,040
British Columbia		-	90	732	420	1,242
Maritimes	11	-	-	-	-	-
		$ 323,562	$ 316,953	$ 92,748	$ 63,398	$ 796,661

8. FINANCIAL AND INSURANCE RISK MANAGEMENT *(continued)*

Insurance risk management *(continued)*

f) Underwriting risk *(continued)*

i) Diversification *(continued)*

		Twelve Months December 31, 2014				
	Note	Automobile	Personal Property	Commercial Property	Liability	Total
Saskatchewan		$ 155,675	$ 189,262	$ 47,756	$ 37,285	$ 429,978
Manitoba		-	10,526	5,126	3,085	18,737
Alberta		47,888	21,584	6,206	6,397	82,075
Ontario		42,953	6,430	5,217	3,188	57,788
Maritimes	11	45	108	70	155	378
		$ 246,561	$ 227,910	$ 64,375	$ 50,110	$ 588,956

ii) Reinsurance

The Corporation seeks to reduce losses that may arise from catastrophes or other events that cause unfavourable underwriting results by reinsuring certain levels of risk with other insurers. While the Corporation utilizes reinsurance, it is still exposed to reinsurance risk. Reinsurance risk is the risk of financial loss due to inadequacies in reinsurance coverage or the default of a reinsurer. The Corporation evaluates and monitors the financial condition of its reinsurers to minimize its exposure to significant losses from reinsurer insolvency. The policy of underwriting and reinsuring insurance contracts limits the liability of the Corporation to a maximum amount for any one loss as follows (thousands of dollars):

	March 31 2016	December 31 2014
Dwelling and farm property	$ **1,000**	$ 800
Unlicenced vehicles	**1,000**	800
Commercial property	**1,000**	1,250
Automobile and general liability	**1,500**	1,500

In addition, the Corporation carries property and auto physical damage catastrophe reinsurance limiting combined exposure to $12.5 million per event (subject to an annual aggregate deductible of $12.5 million). During the twelve months ended December 31, 2014, the Corporation carried similar coverage, although only covering property losses with no annual aggregate deductible.

iii) Structured settlements

The Corporation settles some long-term disability claims by purchasing annuities from various financial institutions. The settlements legally release the Corporation from its obligations to the claimants. Consequently, neither the annuities purchased nor the claim liabilities are recognized on the Consolidated Statement of Financial Position. However, as part of the settlement, the Corporation provides a financial guarantee to the claimants in the event the life insurers default on the scheduled payments and is thus exposed to credit risk to the extent any of the life insurers fail to fulfill their obligations. As at March 31, 2016, no information has come to the Corporation's attention that would suggest any weakness or failure in the life insurers from which it has purchased annuities. The net present value of the scheduled payments at March 31, 2016 is $61.5 million (December 2014 - $60.6 million). The net risk to the Corporation is the credit risk related to the life insurance companies that the annuities are purchased from. No defaults have occurred, and the Corporation considers the possibility of default to be remote.

8. FINANCIAL AND INSURANCE RISK MANAGEMENT *(continued)*

Insurance risk management *(continued)*

g) Actuarial risk

The establishment of the provision for unpaid insurance claims (Note 18) is based on known facts and an interpretation of circumstances and is therefore a complex process influenced by a variety of factors. Measurement of the provision is uncertain due to claims that are not reported to the Corporation at period-end and therefore estimates are made as to the value of these claims. As well, uncertainty exists regarding the cost of reported claims that have not been settled, as all the necessary information may not be available at period-end.

The significant assumptions used to estimate the provision include: the Corporation's experience with similar cases, historical claim payment trends and claim development patterns, the characteristics of each class of business, claim severity and claim frequency, the effect of inflation on future claim settlement costs, court decisions and economic conditions. Time is also a critical factor in determining the provision, since the longer it takes to settle and pay a claim, the more variable the ultimate settlement amount will be. Accordingly, short-term claims such as physical damage or collision claims tend to be more reasonably predictable than long-term claims such as liability claims.

As a result, the establishment of the provision for unpaid claims relies on a number of factors, which necessarily involves risk that the actual results may differ materially from the estimates.

The following summarizes the Corporation's sensitivity to changes in best estimate assumptions on the provision for unpaid claims and net earnings (thousands of dollars):

		Change to Net Provision for Unpaid Claims		Change to Net Earnings	
Assumption	**Sensitivity**	**March 31 2016**	**December 31 2014**	**March 31 2016**	**December 31 2014**
Discount rate	1.0 per cent increase	**$ (10,507)**	$ (9,549)	**$ (1,540)**	$ (2,366)
Discount rate	1.0 per cent decrease	**10,507**	9,549	**1,540**	2,366
Net loss ratio	10.0 per cent increase	**76,659**	54,144	**(76,659)**	(54,144)
Misestimate	1.0 per cent deficiency	**3,848**	3,742	**(3,848)**	(3,742)

The net provision for unpaid insurance claims refers to the provision for unpaid insurance claims net of unpaid insurance claims recoverable from reinsurers. The method used for deriving this sensitivity information did not change from the prior period.

9. RESTRICTED CASH AND CASH EQUIVALENTS

The Corporation holds the following cash and cash equivalents restricted for use (thousands of dollars):

	March 31, 2016		December 31, 2014	
	Current	**Non-Current**	**Current**	**Non-Current**
Meadow Lake Pulp Limited Partnership (a)	**$ 412**	**$ 4,724**	$ 421	$ 4,766
Immigrant investor funds (b)	**65,665**	**-**	104,204	-
For specific capital infrastructure projects (c)	**5,193**	**-**	9,717	-
	$ 71,270	**$ 4,724**	$ 114,342	$ 4,766

a) Cash held by the receiver of Meadow Lake Pulp Limited Partnership which is subject to an order of the Court of Queen's Bench of Saskatchewan.

b) Immigrant investor funds are provided through the IIP. The funds are restricted for use in Saskatchewan's HeadStart on a Home program.

c) Cash held for capital projects related to water infrastructure.

10. INVENTORIES

(thousands of dollars)

	March 31 2016	December 31 2014
Raw materials	$ 207,704	$ 204,451
Natural gas in storage held-for-resale	90,218	153,385
Finished goods	22,626	13,501
Work-in-progress	2,776	3,190
	$ 323,324	$ 374,527

For the fifteen months ended March 31, 2016, $670.9 million (December 2014 - $838.9 million) of natural gas in storage held-for-resale, and $623.4 million (December 2014 - $442.5 million) of raw materials inventory and other inventory were consumed. The Corporation incurred a $10.6 million write-down of natural gas in storage held-for-resale (December 2014 - $12.6 million) and a $4.1 million write-down (December 2014 - $0.4 million) of raw materials inventory and other inventory to its net realizable value. There was a $1.6 million write-down (December 2014 - $2.3 million) of natural gas in storage held-for-resale made in prior periods.

As at March 31, 2016, the Corporation expects that $47.7 million (December 2014 - $98.9 million) of the current value of natural gas in storage held-for-resale will be sold or consumed within the next year and $42.5 million (December 2014 - $54.5 million) after more than one year. All other inventory is expected to be consumed within the next year.

11. DISCONTINUED OPERATIONS AND ASSETS HELD-FOR-SALE

During 2014, the Corporation sold the shares of its 75.0 per cent owned subsidiary, Insurance Company of Prince Edward Island (ICPEI), for a purchase price equal to ICPEI's book value as at the transaction closing date, June 30, 2014. Following receipt of regulatory approval, the sale closed on June 30, 2014, for total proceeds of $8.7 million representing the book value as at June 30, 2014. Other income of $3.5 million relates to the perpetual lease of the Corporation's information system, which was part of the overall transaction to sell ICPEI.

As part of the sale agreement, 54 months after the closing date, the purchaser shall deliver to the Corporation a report of the ultimate losses prior to June 30, 2014, certified by the purchaser's appointed actuary. If the amount of the final closing date ultimate loss is greater than the initial closing date ultimate loss, a deficiency, the Corporation shall pay to the purchaser an amount equal to the lesser of $1.5 million or 75.0 per cent of the deficiency. Conversely, if the amount of the final closing date ultimate loss is less than the initial closing date ultimate loss, a surplus, the purchaser shall pay to the Corporation an amount equal to the lesser of $1.5 million or 75.0 per cent of the surplus. The purchaser is required to provide the Corporation with an estimate of the amount annually. As at March 31, 2016, a surplus of $1.4 million (December 31, 2014 - $0.2 million) was estimated, which has not been recorded in the consolidated financial statements.

At the end of 2014, the Corporation committed to a plan to sell a building located in Prince Albert within the next 12 month period. Accordingly, these assets were classified as assets held-for-sale. Although the building continues to be actively marketed for sale, it is unlikely to generate a sale given current market conditions. Accordingly, the assets have been restated back to property, plant and equipment and other long-term assets.

11. DISCONTINUED OPERATIONS AND ASSETS HELD-FOR-SALE *(continued)*

Assets classified as held-for-sale are comprised of the following (thousands of dollars):

	March 31 2016	December 31 2014
Property, plant and equipment	$ -	$ 11
Other assets	-	6,079
	$ -	$ 6,090

The impact of discontinued operations on net earnings and cash flows was comprised of the following (thousands of dollars):

	Fifteen Months March 31 2016	Twelve Months December 31 2014
Revenue	$ -	$ 12,929
Operating expenses	-	14,301
Salaries, wages and short-term employee benefits	-	404
Depreciation and amortization	-	4
Expenses	-	14,709
Results from operating activities	-	(1,780)
Finance income	-	950
Finance expense	-	(159)
Net finance income	-	791
Net loss from discontinued operations	$ -	$ (989)
Cash used in operating activities	$ -	$ (7,026)
Cash provided by investing activities	-	7,395
Cash used in financing activities	-	(2,296)
Net change in cash and cash equivalents	$ -	$ (1,927)

12. INVESTMENTS IN EQUITY ACCOUNTED INVESTEES

(thousands of dollars)

	Principal Place of Business	Reporting Date	Ownership Interest March 31 2016	Ownership Interest December 31 2014	Carrying Value March 31 2016	Carrying Value December 31 2014
Associates and joint ventures						
ISC (a)	Canada	December 31	31.0%	31.0%	$ 81,660	$ 97,170
MRM Cogeneration Station (b)	Canada	December 31	30.0%	30.0%	37,957	39,795
Other					847	5,071
					$ 120,464	$ 142,036

	March 31 2016	December 31 2014
Current assets	$ 64,625	$ 64,759
Non-current assets	339,132	337,530
Current liabilities	(46,983)	(36,038)
Non-current liabilities	(87,232)	(63,437)
Net assets	269,542	302,814
Interest owned by other entities	(149,078)	(160,778)
Share of net assets	$ 120,464	$ 142,036

	March 31 2016	December 31 2014
Revenue	$ 145,813	$ 118,778
Expenses	(122,129)	(97,933)
Earnings from continuing operations	23,684	20,845
Other comprehensive income	-	10
Total comprehensive income	23,684	20,855
Interest owned by other entities	(16,451)	(14,581)
Share of results	$ 7,233	$ 6,274

a) The Corporation is associated with ISC, which provides registry and information services in Saskatchewan. The fair value of ISC shares was $77.3 million at March 31, 2016. The shares are publicly traded under the Toronto Stock Exchange under the symbol ISV.

b) The MRM Cogeneration Station is a 172 megawatt (MW) natural gas-fired cogeneration facility located at the Athabasca Oil Sands Project's Muskeg River Mine, north of Fort McMurray, Alberta.

13. PROPERTY, PLANT AND EQUIPMENT

(thousands of dollars)

	Machinery and Equipment	Buildings and Improvements	Plant Under Construction	Land, Coal Properties and Rights	Finance Leases	Total
Cost						
Balance at January 1, 2014	$ 13,938,171	$ 1,556,397	$ 1,927,548	$ 203,994	$ 1,241,954	$ 18,868,064
Additions	2,316,276	150,807	1,829,848	43,404	-	4,340,335
Disposals	(195,543)	(3,514)	(2,948)	(1,136)	-	(203,141)
Impairment losses	(22,085)	-	-	-	-	(22,085)
Transfer to discontinued operations and assets held-for-sale	(112)	-	-	-	-	(112)
Transfers to investment property	-	(2,132)	-	-	-	(2,132)
Transfers from plant under construction	-	-	(2,400,328)	-	-	(2,400,328)
Balance at December 31, 2014	16,036,707	1,701,558	1,354,120	246,262	1,241,954	20,580,601
Additions	**2,128,968**	**207,109**	**1,715,050**	**28,788**	**5,845**	**4,085,760**
Disposals	**(200,390)**	**(10,127)**	**(990)**	**(1,989)**	**-**	**(213,496)**
Impairment losses	**(6,533)**	**-**	**-**	**-**	**-**	**(6,533)**
Transfer from discontinued operations and assets held-for-sale	**112**	**-**	**-**	**-**	**-**	**112**
Transfers from plant under construction	**-**	**-**	**(2,291,244)**	**-**	**-**	**(2,291,244)**
Balance at March 31, 2016	**$ 17,958,864**	**$ 1,898,540**	**$ 776,936**	**$ 273,061**	**$ 1,247,799**	**$ 22,155,200**
Accumulated Depreciation						
Balance at January 1, 2014	$ 6,934,535	$ 632,307	$ -	$ 32,538	$ 225,435	$ 7,824,815
Depreciation expense	531,391	39,287	-	1,573	56,817	629,068
Impairment losses	(1,668)	85	-	-	-	(1,583)
Transfers to discontinued operations and assets held-for-sale	(101)	-	-	-	-	(101)
Transfers to investment property	-	(905)	-	-	-	(905)
Disposals	(164,137)	(1,995)	-	(59)	-	(166,191)
Balance at December 31, 2014	7,300,020	668,779	-	34,052	282,252	8,285,103
Depreciation expense	**751,157**	**51,848**	**-**	**2,618**	**71,088**	**876,711**
Impairment losses	**-**	**44**	**-**	**-**	**-**	**44**
Transfers from discontinued operations and assets held-for-sale	**101**	**-**	**-**	**-**	**-**	**101**
Disposals	**(161,567)**	**(5,073)**	**-**	**(339)**	**-**	**(166,979)**
Balance at March 31, 2016	**$ 7,889,711**	**$ 715,598**	**$ -**	**$ 36,331**	**$ 353,340**	**$ 8,994,980**
Carrying Amounts						
At December 31, 2014	$ 8,736,687	$ 1,032,779	$ 1,354,120	$ 212,210	$ 959,702	$ 12,295,498
At March 31, 2016	**$ 10,069,153**	**$ 1,182,942**	**$ 776,936**	**$ 236,730**	**$ 894,459**	**$ 13,160,220**

14. INVESTMENT PROPERTY

(thousands of dollars)

	Buildings	Infrastructure	Leasehold Improvements	Investment Property Under Construction	Total
Cost					
Balance at January 1, 2014	$ 179,605	$ 61,648	$ 8,292	$ 2,068	$ 251,613
Additions	1,601	2,310	2,503	-	6,414
Disposals	(253)	(16)	-	-	(269)
Transfers from plant under construction	-	-	-	(435)	(435)
Transfers to discontinued operations and assets held-for-sale	(6,915)	(1,647)	(318)	-	(8,880)
Transfers from property, plant and equipment	2,132	-	-	-	2,132
Balance at December 31, 2014	176,170	62,295	10,477	1,633	250,575
Additions	**1,337**	**240**	**1,266**	**2,038**	**4,881**
Disposals	**(1,241)**	**-**	**(36)**	**-**	**(1,277)**
Transfers from discontinued operations and assets held-for-sale	**6,915**	**1,647**	**318**	**-**	**8,880**
Balance at March 31, 2016	**$ 183,181**	**$ 64,182**	**$ 12,025**	**$ 3,671**	**$ 263,059**
Accumulated Depreciation					
Balance at January 1, 2014	$ 55,139	$ 16,089	$ 6,566	$ 691	$ 78,485
Depreciation expense	5,221	1,649	984	-	7,854
Disposals	(253)	(16)	-	-	(269)
Transfers to discontinued operations and assets held-for-sale	(2,479)	(126)	(196)	-	(2,801)
Transfers from property, plant and equipment	905	-	-	-	905
Balance at December 31, 2014	58,533	17,596	7,354	691	84,174
Depreciation expense	**7,161**	**2,137**	**1,639**	**-**	**10,937**
Disposals	**(1,241)**	**-**	**(36)**	**-**	**(1,277)**
Transfers from discontinued operations and assets held-for-sale	**2,479**	**126**	**196**	**-**	**2,801**
Balance at March 31, 2016	**$ 66,932**	**$ 19,859**	**$ 9,153**	**$ 691**	**$ 96,635**
Carrying Amounts					
At December 31, 2014	$ 117,637	$ 44,699	$ 3,123	$ 942	$ 166,401
At March 31, 2016	**$ 116,249**	**$ 44,323**	**$ 2,872**	**$ 2,980**	**$ 166,424**

The aggregate market value of investment properties at March 31, 2016 was $334.7 million (December 2014 - $323.3 million). The market value is based on internally-generated estimates of cash flows of individual properties using capitalization rates in the range of 7.0 per cent to 10.0 per cent, applied based on property type and market characteristics, which resulted in an overall weighted average capitalization rate of 7.4 per cent.

The market estimate is considered level 3 within the fair value hierarchy (Note 8(a)) as the majority of inputs are not based on observable market data.

14. INVESTMENT PROPERTY *(continued)*

Amounts recognized within earnings

(thousands of dollars)

	Fifteen Months March 31 2016	Twelve Months December 31 2014
Rental income from investment properties	**$ 46,865**	$ 39,168
Direct operating expenses from property that generated rental income during the period	**(38,226)**	(31,011)
	$ 8,639	$ 8,157

15. INTANGIBLE ASSETS

(thousands of dollars)

	Goodwill	Software and Development Costs	Customer Accounts	Indefinite Life (a)	Other	Total
Cost						
Balance at January 1, 2014	$ 6,457	$ 591,671	$ 81,024	$ 65,981	$ 1,500	$ 746,633
Acquisitions - internally developed	-	19,327	-	-	-	19,327
Disposals	(481)	(23,244)	-	-	-	(23,725)
Transfers	-	(4,505)	-	-	-	(4,505)
Acquisitions - other	-	55,507	4,841	7,557	-	67,905
Balance at December 31, 2014	5,976	638,756	85,865	73,538	1,500	805,635
Acquisitions - internally developed	**-**	**32,970**	**-**	**-**	**-**	**32,970**
Disposals	**-**	**(17,557)**	**-**	**-**	**-**	**(17,557)**
Transfers	**-**	**(5,573)**	**-**	**-**	**-**	**(5,573)**
Acquisitions - other	**-**	**41,410**	**6,170**	**35,200**	**-**	**82,780**
Balance at March 31, 2016	**$ 5,976**	**$ 690,006**	**$ 92,035**	**$ 108,738**	**$ 1,500**	**$898,255**
Accumulated Amortization						
Balance at January 1, 2014	$ 481	$ 313,381	$ 47,450	$ -	$ 1,500	$ 362,812
Impairment loss	-	2,622	-	-	-	2,622
Amortization expense	-	64,814	5,381	-	-	70,195
Disposals	(481)	(21,179)	-	-	-	(21,660)
Balance at December 31, 2014	-	359,638	52,831	-	1,500	413,969
Reversal of impairment loss	**-**	**(2,000)**	**-**	**-**	**-**	**(2,000)**
Amortization expense	**-**	**79,794**	**7,400**	**-**	**-**	**87,194**
Disposals	**-**	**(13,031)**	**-**	**-**	**-**	**(13,031)**
Balance at March 31, 2016	**$ -**	**$ 424,401**	**$ 60,231**	**$ -**	**$ 1,500**	**$486,132**
Carrying Amounts						
At December 31, 2014	$ 5,976	$ 279,118	$ 33,034	$ 73,538	$ -	$ 391,666
At March 31, 2016	**$ 5,976**	**$ 265,605**	**$ 31,804**	**$ 108,738**	**$ -**	**$412,123**

15. INTANGIBLE ASSETS *(continued)*

a) For the purpose of impairment testing, indefinite-life intangible assets (spectrum licences) are allocated to SaskTel. This is the lowest level within the Corporation at which indefinite-life intangible assets are monitored for internal management purposes, which is not higher than the Corporation's operating segments. The Corporation's CGU impairment tests were based on fair value less costs to sell using comparable companies that are listed on exchanges and are actively traded. Share prices for these companies were used to derive an Enterprise Value (EV) to earnings before interest, taxes, depreciation, and amortization (EBITDA) ratio that was applied to the EBITDA of the unit to determine the recoverable amount. The Corporation applied an industry average EV to EBITDA ratio adjusted for minority discounts associated with publicly traded shares to the EBITDA of the unit to estimate the recoverable amount of the unit. Impairment tests indicated no impairment at March 31, 2016 or December 31, 2014.

16. NOTES PAYABLE

Notes payable are due to the GRF. These notes are due on demand and have an effective interest rate of 0.6 per cent (December 2014 - 1.0 per cent).

17. DEFERRED REVENUE

(thousands of dollars)

	March 31 2016	December 31 2014
Unearned insurance premiums	**$ 319,981**	$ 308,691
Customer contributions	**87,666**	127,506
Services billed in advance	**53,538**	49,375
Premium taxes payable	**5,651**	24,080
Amounts due to reinsurers	**24,605**	7,583
Other	**18,216**	23,180
	$ 509,657	$ 540,415

18. PROVISIONS

(thousands of dollars)

	Decommissioning Provisions (a)	Environmental Remediation (b)	Unpaid Insurance Claims (c) and Note 8(f)	Other Provisions	Total
Balance at January 1, 2015	**$ 245,212**	**$ 92,242**	**$ 451,584**	**$ 1,636**	**$ 790,674**
Provision for (recovery of) decommissioning and environmental remediation liabilities	**4,065**	**(436)**	**-**	**-**	**3,629**
Other provisions made	**39,074**	**-**	**417,432**	**55**	**456,561**
Provisions used	**(8,052)**	**(2,882)**	**(428,262)**	**(304)**	**(439,500)**
Accretion expense	**8,702**	**441**	**-**	**129**	**9,272**
Balance at March 31, 2016	**$ 289,001**	**$ 89,365**	**$ 440,754**	**$ 1,516**	**$ 820,636**
Current	**$ -**	**$ -**	**$ 194,805**	**$ 253**	**$ 195,058**
Non-current	**$ 289,001**	**$ 89,365**	**$ 245,949**	**$ 1,263**	**$ 625,578**

	Decommissioning Provisions (a)	Environmental Remediation (b)	Unpaid Insurance Claims (c) and Note 8(f)	Other Provisions	Total
Balance at January 1, 2014	$ 187,542	$ 105,933	$ 420,753	$ 1,656	$ 715,884
Provision for (recovery of) decommissioning and environmental remediation liabilities	2,535	(14,062)	-	-	(11,527)
Other provisions made	57,929	-	368,514	104	426,547
Provisions used	(9,737)	(2,717)	(317,210)	(234)	(329,898)
Provisions reversed	-	-	(20,473)	-	(20,473)
Accretion expense	6,943	3,088	-	110	10,141
Balance at December 31, 2014	$ 245,212	$ 92,242	$ 451,584	$ 1,636	$ 790,674
Current	$ -	$ 1,965	$ 216,771	$ 134	$ 218,870
Non-current	$ 245,212	$ 90,277	$ 234,813	$ 1,502	$ 571,804

a) Decommissioning provisions

The Corporation has estimated the future cost of decommissioning certain electrical and natural gas facilities. For the purposes of estimating the fair value of these obligations, it is assumed that these costs will be incurred between 2016 and 2109 for natural gas facilities and 2016 and 2068 for electrical facilities. The undiscounted cash flows required to settle the obligations total $711.1 million (December 2014 - $670.8 million). Risk-free rates between 0.9 per cent and 3.2 per cent were used to calculate the discounted carrying value of the obligation. During the fifteen months ended March 31, 2016, the Corporation recorded an additional $4.1 million provision (December 2014 - $2.5 million) for decommissioning and environmental remediation to settle this liability. No funds have been set aside by the Corporation to settle this liability.

18. PROVISIONS *(continued)*

a) **Decommissioning provisions** *(continued)*

The following summarizes the Corporation's sensitivity to changes in best estimate assumptions on the March 31, 2016 decommissioning provision (thousands of dollars):

	Undiscounted cash flows	Discounted cash flows	Discounted rate		Inflation rate	
			+ 0.5%	- 0.5%	+ 0.5%	-0.5%
Decommissioning	$ 711,052	$ 289,001	$ (39,186)	$ 48,034	$ 44,432	$ (44,570)

b) **Environmental remediation**

The following are included in the provision for environmental remediation:

i) The Corporation is committed to undertake necessary environmental clean-up activities on certain properties. The Corporation has accrued $10.3 million (December 2014 - $10.2 million) to carry out clean-up activities and associated costs related to an indemnity provided by Prince Albert Pulp Company Ltd. (PAPCO) and Her Majesty in Right of the Province of Saskatchewan for environmental liabilities predating 1986 related to the Prince Albert pulp mill site. The Corporation is a successor corporation to PAPCO and therefore has recorded the estimated cost of its assumed obligations related to the PAPCO site. The increase in the liability of $0.1 million is due to third party engineers' updated assessment of costs to remediate. The timing to complete this remediation is indeterminable at this time.

ii) The Corporation has accrued $37.3 million (December 2014 - $38.9 million) to carry out the clean-up activities related to an indemnity provided by PAPCO and Her Majesty in Right of the Province of Saskatchewan for environmental liabilities predating 1986 relating to the ERCO Worldwide chemical plant in Saskatoon. The decrease in the liability of $1.6 million is due to remediation work completed during the period and a third party engineers' updated assessment of costs to remediate. The timing to complete the remaining remediation is indeterminable at this time.

iii) The Corporation has recorded a total provision of $0.2 million (December 2014 - $0.3 million) for estimated clean-up activities related to an obligation of Meadow Lake Pulp Limited Partnership as a result of the sale of its assets. These funds are held in trust according to court order, and are to be applied against continued site monitoring expenses through to January 2017, at which time residual amounts may be utilized to conduct a human health and ecological assessment or for specific site remediation according to the landfill closure plan.

iv) The Corporation recorded a recovery of $1.2 million (December 2014 - provision of $1.2 million) for environmental remediation related to estimated environmental remediation for its electrical generation assets and other properties. The total provision for these facilities at March 31, 2016 is $41.6 million (December 2014 - $42.8 million). The timing to complete this remediation is indeterminable at this time.

c) **Unpaid insurance claims**

The provision for unpaid insurance claims has been calculated using a discount rate of 1.6 per cent (December 2014 - 1.7 per cent).

19. FINANCE AND OPERATING LEASES

(thousands of dollars)

	March 31 2016	December 31 2014
Total future minimum lease payments	**$ 3,172,065**	$ 3,378,615
Less: future finance charges on finance leases	**(2,027,549)**	(2,233,428)
Present value of finance lease obligations	**1,144,516**	1,145,187
Less: current portion of finance lease obligations	**(12,019)**	(8,555)
Finance lease obligations	**$ 1,132,497**	$ 1,136,632

As at March 31, 2016, scheduled future minimum lease payments and the present value of finance lease obligations are as follows:

	1 year	1-5 years	More than 5 years
Future minimum lease payments	$ 173,997	$ 733,446	$ 2,264,622
Present value of finance lease obligations	12,019	94,300	1,038,197

Operating leases

Future minimum lease payments for operating leases entered into by the Corporation, as lessee, are as follows:

	1 year	1-5 years	More than 5 years
Future minimum lease payments	$ 11,608	$ 26,109	$ 10,160

20. LONG-TERM DEBT

(thousands of dollars)

	March 31, 2016		December 31, 2014	
	Principal Outstanding	Effective Interest Rate	Principal Outstanding	Effective Interest Rate
Years to Maturity				
A. General Revenue Fund				
1-5 years	$ 898,773	5.3	$ 509,119	2.9
6-10 years	879,020	8.0	1,096,781	8.1
11-15 years	169,000	5.6	386,700	6.9
16-20 years	864,807	5.9	669,000	6.0
21-25 years	1,197,402	4.7	648,684	5.1
26-30 years	2,000,000	3.6	1,438,000	4.0
Beyond 30 years	875,000	3.4	1,325,000	3.8
Total due to GRF	6,884,002		6,073,284	
B. Other long-term debt (due 2016-17 to 2046-47)	244,366	3.4	265,253	3.5
	7,128,368		6,338,537	
Unamortized debt premium	19,823		24,211	
	7,148,191		6,362,748	
Due within one year	(263,935)		(65,523)	
Total long-term debt	$ 6,884,256		$ 6,297,225	

Principal repayments due in each of the next five years are as follows:

2016-17	$ 263,935
2017-18	207,168
2018-19	122,875
2019-20	68,049
2020-21	446,383

There is a requirement attached to certain interest-bearing issues from the GRF to make annual payments into sinking funds in amounts representing a minimum of 1.0 per cent of the original issue. The cumulative annual payments plus interest earned are used for the retirement of debt issues, upon maturity, with the GRF.

21. EMPLOYEE FUTURE BENEFITS

Defined benefit pension plans

The Corporation has three defined benefit pension plans for certain of its employees that have been closed to new membership. Annual audited financial statements for each plan are prepared and released publicly.

The actuarial valuations include a provision for uncommitted and ad hoc benefit increases, and are measured using management's best estimates based on assumptions that reflect the most probable set of economic circumstances and planned courses of action. The estimate, therefore, involves risks that the actual amount may differ materially from the estimate.

21. EMPLOYEE FUTURE BENEFITS *(continued)*

Defined benefit pension plans *(continued)*

The major assumptions used in the valuation of the defined benefit pension plans are as follows:

	March 31, 2016		
	SaskTel	SGI CANADA	SaskPower
Economic Assumptions			
Discount rate - end of period	**3.6%**	**3.4%**	**3.6%**
Inflation rate	**2.5%**	**2.0%**	**2.0%**
Duration (years)	**12**	**9**	**11**
Post-retirement index	**100% of CPI up to 2%**	**0% of CPI**	**70% of CPI**
Last actuarial valuation	**12/31/13**	**12/31/13**	**9/30/15**

	December 31, 2014		
	SaskTel	SGI CANADA	SaskPower
Economic Assumptions			
Discount rate - end of period	3.8%	3.7%	3.8%
Inflation rate	2.5%	2.5%	2.0%
Expected salary increase	-	2.5%	-
Duration (years)	12	9	11
Post-retirement index	100% of CPI up to 2%	0% of CPI	70% of CPI
Last actuarial valuation	12/31/13	12/31/13	9/30/14

Mortality rates were applied utilizing the Canadian Pensioner 2014 Private Sector Mortality Table with 95.0 - 100.0 per cent scaling factor for males, 100.0 - 110.0 per cent scaling factor for females and projected generationally with CPM Improvement Scale B.

The actuarial assumptions are based on management's expectations, independent actuarial advice and guidance provided by IFRS. The most significant assumption for each plan is the discount rate, which is the yield at the reporting date of high-quality debt instruments that have maturity dates approximating the terms of the plan obligations.

Sensitivity analysis on defined benefit pension plan assumptions

The following illustrates the impact on the March 31, 2016 defined benefit pension obligation from a change in an actuarial assumption while holding all other assumptions constant (thousands of dollars):

	SaskTel		SGI CANADA		SaskPower	
	Increase	(Decrease)	Increase	(Decrease)	Increase	(Decrease)
Discount rate (1.0 per cent)	**$ (122,184)**	**$ 148,460**	**$ (2,797)**	**$ 3,317**	**$ (95,302)**	**$ 114,684**
Inflation rate (1.0 per cent)	**(123,410)**	**59,257**	**N/A[1]**	**N/A[1]**	**(30,281)**	**32,251**
Post-retirement index (1.0 per cent)	**-**	**(144,665)**	**632**	**N/A[1]**	**113,769**	**(96,000)**
Mortality (1 year)	**N/A[1]**	**N/A[1]**	**N/A[1]**	**N/A[1]**	**(30,183)**	**32,466**

[1] Impact on the March 31, 2016 defined benefit pension obligation from a change in assumption is not considered significant.

21. EMPLOYEE FUTURE BENEFITS *(continued)*

Defined benefit pension plans *(continued)*

Information about the Corporation's defined benefit pension plans is as follows (thousands of dollars):

	March 31, 2016		
	SaskTel	SGI CANADA	SaskPower
Defined benefit pension plan obligation			
Defined benefit pension plan obligation, beginning of period	$ 1,153,732	$ 35,527	$ 980,020
Included in net earnings:			
Current service cost	428	2	-
Interest cost	52,713	1,558	44,354
	53,141	1,560	44,354
Included in OCI:			
Actuarial loss (gain) arising from:			
Financial assumptions	-	1,375	15,207
Experience adjustments	26,337	-	(1,455)
	26,337	1,375	13,752
Benefits paid	(85,841)	(4,149)	(79,455)
Defined benefit pension plan obligation, end of period	$ 1,147,369	$ 34,313	$ 958,671

	December 31, 2014		
	SaskTel	SGI CANADA	SaskPower
Defined benefit pension plan obligation			
Defined benefit pension plan obligation, beginning of period	$ 1,057,701	$ 35,678	$ 893,617
Included in net earnings:			
Current service cost	379	13	-
Interest cost	47,062	1,460	38,811
	47,441	1,473	38,811
Included in OCI:			
Actuarial loss (gain) arising from:			
Financial assumptions	-	1,982	74,314
Experience adjustments	116,431	(561)	1,016
Demographic assumptions	-	172	34,573
	116,431	1,593	109,903
Benefits paid	(67,841)	(3,217)	(62,311)
Defined benefit pension plan obligation, end of period	$ 1,153,732	$ 35,527	$ 980,020

On a combined basis, the impact of changes in actuarial gains and losses on defined benefit pension plans included in OCI is a loss of $41.5 million (December 2014 - $227.9 million) (Note 29).

On a combined basis, interest cost for defined benefit pension plans recognized in finance expenses is $98.6 million (December 2014 - $87.3 million) (Note 29).

21. EMPLOYEE FUTURE BENEFITS *(continued)*

Defined benefit pension plans *(continued)*

	March 31, 2016		
	SaskTel	SGI CANADA	SaskPower
Defined benefit pension plan assets			
Fair value of defined benefit pension plan assets, beginning of period	$ 1,018,460	$ 33,688	$ 800,231
Included in net earnings:			
Interest income	46,288	1,435	35,938
Included in OCI: Return on plan assets excluding interest income (expenses)	19,904	1,242	(12,754)
Cash impacts:			
Employee funding contributions	-	2	-
Benefits paid	(85,841)	(4,149)	(79,455)
	(85,841)	(4,147)	(79,455)
Fair value of defined benefit pension plan assets, end of period	$ 998,811	$ 32,218	$ 743,960
Funded status - plan deficit and net defined benefit pension obligation	$ (148,558)	$ (2,095)	$ (214,711)

	December 31, 2014		
	SaskTel	SGI CANADA	SaskPower
Defined benefit pension plan assets			
Fair value of defined benefit pension plan assets, beginning of period	$ 983,118	$ 33,070	$ 790,596
Included in net earnings:			
Interest income	43,633	1,311	34,175
Included in OCI:			
Return on plan assets excluding interest income	59,550	2,512	37,771
Cash impacts:			
Employee funding contributions	-	5	-
Employer funding contributions	-	7	-
Benefits paid	(67,841)	(3,217)	(62,311)
	(67,841)	(3,205)	(62,311)
Fair value of defined benefit pension plan assets, end of period	$ 1,018,460	$ 33,688	$ 800,231
Funded status - plan deficit and net defined benefit pension obligation	$ (135,272)	$ (1,839)	$ (179,789)

On a combined basis, the return on defined benefit pension plan assets (excluding interest income) included in OCI is $8.4 million (December 2014 - $99.8 million) (Note 29).

On a combined basis, interest income from defined benefit pension plans included in finance income is $83.7 million (December 2014 - $79.1 million) (Note 29).

21. EMPLOYEE FUTURE BENEFITS *(continued)*

Defined benefit pension plans *(continued)*

The asset allocation of the defined benefit pension plans are as follows:

	March 31, 2016		
	SaskTel	SGI CANADA	SaskPower
Asset category			
Short-term investments	1.3%	-	0.7%
Bond and debentures	37.0%	59.0%	36.3%
Equity securities - Canadian	12.8%	17.0%	12.1%
Equity securities - US	14.4%	12.0%	-
Equity securities - Non-North American	20.3%	12.0%	36.3%
Real estate	14.2%	-	14.6%

	December 31, 2014		
	SaskTel	SGI CANADA	SaskPower
Asset category			
Short-term investments	1.1%	-	0.4%
Bond and debentures	36.3%	59.0%	35.2%
Equity securities - Canadian	14.2%	17.0%	16.2%
Equity securities - US	14.4%	13.0%	10.6%
Equity securities - Non-North American	20.5%	11.0%	26.0%
Real estate	13.5%	-	11.6%

Other defined benefit plans

Other benefit plans include a defined benefit and a defined contribution severance plan, a supplementary superannuation plan, two defined benefit service recognition plans, a defined benefit retiring allowance plan and a voluntary early retirement plan. All other defined benefit plans are unfunded.

21. EMPLOYEE FUTURE BENEFITS *(continued)*

Other defined benefit plans *(continued)*

Information about the Corporation's other defined benefit plans is as follows (thousands of dollars):

	March 31, 2016				
	SaskTel	SGI CANADA	SaskPower	SaskEnergy	SaskWater
Other defined benefit plan obligation					
Other defined benefit plan obligation, beginning of period	$ 20,899	$ 20,523	$ 53,688	$ 10,128	$ 454
Included in net earnings:					
Current service cost	-	264	9,569	49	34
Interest cost	810	782	2,821	386	17
	810	1,046	12,390	435	51
Included in OCI:					
Actual loss (gain) arising from:					
Financial assumptions	(545)	-	85	67	-
Experience adjustments	-	1,699	(238)	(76)	(16)
	(545)	1,699	(153)	(9)	(16)
Benefits paid	(1,842)	(2,627)	(16,345)	(1,846)	(19)
Other defined benefit plan obligation, end of period	$ 19,322	$ 20,641	$ 49,580	$ 8,708	$ 470

	December 31, 2014				
	SaskTel	SGI CANADA	SaskPower	SaskEnergy	SaskWater
Other defined benefit plan obligation					
Other defined benefit plan obligation, beginning of period	$ 20,986	$ 20,212	$ 49,451	$ 10,439	$ 426
Included in net earnings:					
Current service cost	-	208	7,157	37	27
Interest cost	773	763	6,738	369	19
	773	971	13,895	406	46
Included in OCI:					
Actual loss (gain) arising from:					
Financial assumptions	425	-	816	276	17
Experience adjustments	-	810	165	-	1
Demographic assumptions	-	-	89	(52)	-
	425	810	1,070	224	18
Benefits paid	(1,285)	(1,470)	(10,728)	(941)	(36)
Other defined benefit plan obligation, end of period	$ 20,899	$ 20,523	$ 53,688	$ 10,128	$ 454

21. EMPLOYEE FUTURE BENEFITS *(continued)*

Other defined benefit plans *(continued)*

On a combined basis, interest cost for other defined benefit plans included in finance expenses is $4.8 million (December 2014 - $8.7 million) (Note 29).

On a combined basis, the impact of changes in actuarial gains and losses on other defined benefit plans included in OCI is a loss of $1.0 million (December 2014 - $2.5 million) (Note 29).

The significant actuarial assumptions used in the valuation of other defined benefit plans are as follows:

	March 31, 2016				
	SaskTel	**SGI CANADA**	**SaskPower**	**SaskEnergy**	**SaskWater**
Discount rate	**3.2%**	**3.1-3.2%**	**3.0-3.3%**	**2.7%**	**3.6%**
Inflation rate	**-**	**2.0%**	**2.0%**	**2.5%**	**2.5%**
Long-term rate of compensation increases	**3.0%**	**2.5-4.0%**	**2.0%**	**3.0%**	**3.0%**
Remaining service life (years)	**10**	**10-11**	**7**	**5**	**12**
Last actuarial valuation	**3/31/16**	**12/31/15**	**12/31/15**	**12/31/15**	**12/31/15**

	December 31, 2014				
	SaskTel	SGI CANADA	SaskPower	SaskEnergy	SaskWater
Discount rate	3.2%	3.2%	3.3%	2.9%	3.6%
Inflation rate	-	2.5%	2.0%	2.5%	2.5%
Long-term rate of compensation increases	3.0%	3.5%	2.0%	3.0%	3.0%
Remaining service life (years)	8	9	7	5	12
Last actuarial valuation	12/31/14	12/31/14	12/31/14	12/31/14	12/31/14

The actuarial assumptions are based on management's expectations, independent actuarial advice and guidance provided by IFRS. The most significant assumption for each plan is the discount rate, which is the yield at the reporting date of high-quality debt instruments that have maturity dates approximating the terms of the plan obligations.

A 1.0 per cent change in the actuarial assumptions would not have a material effect on the March 31, 2016 other defined benefit obligation.

Employee future benefit liability

The employee future benefit liability on the Consolidated Statement of Financial Position represent the funded status of the Corporation's defined benefit pension plans and other defined benefit plans. On a combined basis, at March 31, 2016, these liabilities totaled $464.1 million (December 2014 - $422.6 million).

Defined contribution pension plans

The Corporation also has employees who are members of defined contribution pension plans. The Corporation's financial obligation is limited to contractual contributions to the plan. On a combined basis, for the fifteen months ended March 31, 2016, the Corporation paid $74.4 million (December 2014 - $57.2 million) into these plans.

Employee future benefits expense

Employee future benefits expense on the Consolidated Statement of Comprehensive Income (Loss) includes contributions to the defined contribution pension plans and current service costs for the defined benefit pension plans and other defined benefit plans. On a combined basis, for the fifteen months ended March 31, 2016, employee future benefits expense totaled $84.7 million (December 2014 - $65.0 million).

22. OTHER LIABILITIES

(thousands of dollars)

	March 31 2016	December 31 2014
Customer contributions	**$ 182,794**	$ 153,193
Government grants	**24,569**	21,425
Other liabilities	**11,082**	7,712
	$ 218,445	$ 182,330

23. EQUITY ADVANCES AND CAPITAL DISCLOSURES

The Corporation does not have share capital. However, the Corporation has received advances from the GRF to form its equity capitalization. The advances are an equity investment in the Corporation by the GRF.

Due to its ownership structure, the Corporation has no access to capital markets for equity. Equity advances in the Corporation are determined by the shareholder on an annual basis. Dividends to the GRF are determined through the Saskatchewan provincial budget process on an annual basis.

The Corporation closely monitors its debt level utilizing the debt ratio as a primary indicator of financial health. The debt ratio measures the amount of debt in the Corporation's capital structure. The Corporation uses this measure in assessing the extent of financial leverage and, in turn, its financial flexibility.

Too high a ratio relative to target indicates an excessive debt burden that may impair the Corporation's ability to withstand downturns in revenues and still meet fixed payment obligations. The ratio is calculated as net debt divided by capitalization at the end of the period.

CIC reviews the debt ratio targets of all its subsidiary Crown corporations on an annual basis to ensure consistency with industry standards. This review includes subsidiary Crown corporations' plans for capital spending. The target debt ratios for subsidiary Crown corporations are approved by the CIC Board. The Corporation uses targeted debt ratios to compile a weighted average debt ratio for the CIC Crown sector. The target ratio for 2016-17 is 62.7 per cent.

The Corporation raises most of its capital requirements through internal operating activities and notes payable and long-term debt through the GRF. This type of borrowing allows the Corporation to take advantage of the Province of Saskatchewan's strong credit rating and receive financing at attractive interest rates.

The Corporation made no changes to its approach to capital management during the period and complied with all externally imposed capital requirements.

The debt ratio is as follows (thousands of dollars):

	Note	March 31 2016	December 31 2014
Total debt (a)		**$ 8,671,274**	$ 7,716,117
Less: Sinking funds	7(b)	**(780,762)**	(681,096)
Net debt		**7,890,512**	7,035,021
Equity (b)		**4,713,152**	4,668,373
Capitalization		**12,603,664**	$ 11,703,394
Debt ratio		**62.6%**	60.1%

a) Total debt includes long-term debt, long-term debt due within one year and notes payable.

b) Equity includes equity advances, contributed surplus and retained earnings.

24. ACCUMULATED OTHER COMPREHENSIVE LOSS

(thousands of dollars)

	March 31 2016	December 31 2014
Items that may be reclassified to net earnings:		
Unrealized losses on cash flow hedges	$ (3,265)	$ (18,368)
Realized (losses) gains on cash flow hedges	(13,142)	33,076
	(16,407)	14,708
Items that will not be reclassified to net earnings:		
Impact of changes in defined benefit plan actuarial assumptions	(107,490)	(73,442)
	$ (123,897)	$ (58,734)

25. COMMITMENTS AND CONTINGENCIES

The following significant commitments and contingencies exist at March 31, 2016:

a) At 2016 prices, the Corporation has forward commitments of $2,128.7 million (December 2014 - $1,613.8 million) extending until 2025 for future minimum coal deliveries.

b) As at March 31, 2016, the Corporation has committed to spend $1,249.2 million (December 2014 - $1,505.8 million) on capital projects.

c) The Corporation has issued letters of credit in the amount of $21.8 million (December 2014 - $25.9 million).

d) The Corporation has entered into contracts to purchase natural gas expected to cost $632.4 million (December 2014 - $704.0 million) based on forward market prices until 2026. This includes fixed price forward contracts with a notional value of $628.2 million (December 2014 - $668.7 million) which apply for the own-use scope exception.

e) As at March 31, 2016, the Corporation has committed to electricity and natural gas trading sales of $2.7 million (December 2014 - $23.9 million) and electricity and natural gas trading and transmission purchases of $40.7 million (December 2014 - $44.5 million). These contracts are considered derivative financial instruments and changes in fair value have been included in net earnings.

f) The Corporation has entered into power purchase agreements (PPAs) that provide over 1,000 MW of generating capacity. The payments related to these PPAs are expected to be $9,084.7 million (December 2014 - $5,948.2 million) until 2044, which includes finance leases of $3,154.6 million (December 2014 - $3,366.5 million).

g) Subject to certain conditions, the Corporation has agreed to make annual payments of $2.6 million to the Regina Exhibition Association until 2027 and $0.4 million to the Moose Jaw Exhibition Company Ltd. until 2028, as compensation for the loss of gaming income caused by the operation of Casino Regina and Casino Moose Jaw respectively.

h) The Corporation has outstanding service contract commitments of $307.4 million (December 2014 - $306.2 million).

i) The Corporation has committed to provide $82.4 million (December 2014 - $147.0 million) to builders and developers as part of the HeadStart on a Home program.

25. COMMITMENTS AND CONTINGENCIES *(continued)*

j) On August 9, 2004, a proceeding under *The Class Actions Act (Saskatchewan)* was brought against several Canadian wireless and cellular service providers, including the Corporation. The Plaintiffs seek unquantified damages from the defendant wireless communications service providers. Similar proceedings have been filed by, or on behalf of, Plaintiffs' counsel in other provincial jurisdictions. On September 17, 2007, the Saskatchewan court certified the Plaintiff's proceeding as a class action with respect to an allegation of unjust enrichment only for wireless customers during the period of April 1, 1987 and the date of the certification order being February 13, 2008. The class action period was extended to March 31, 2014. The matter will now proceed in the usual fashion of finalized pleadings, document and oral discovery to trial. The Corporation continues to believe that it has strong defenses to the allegations as certified in the 2004 action.

On July 24, 2009, a second proceeding under *The Class Actions Act (Saskatchewan)* was issued against several Canadian wireless and cellular service providers, including the Corporation. The Corporation believes this second claim involves substantially the same allegations as the 2004 claim. This second action has been conditionally stayed as an abuse of process without prejudice to the plaintiff to pursue their claims in the future if circumstances change. The Corporation believes that it has strong defenses to the allegations contained in the 2009 claim.

k) On June 26, 2008, a proceeding under *The Class Actions Act (Saskatchewan)* was brought against several Canadian wireline, wireless and cellular service providers, including the Corporation. The proceeding involves allegations by wireless customers of breach of contract, misrepresentation, negligence, collusion, unjust enrichment and breach of statutory obligations concerning fees and charges paid for 9-1-1 service. The Plaintiffs seek unquantified damages from the defendant communications service providers. The Corporation believes that it has strong defenses to the claim and will be defending it. External legal counsel has been retained by the Corporation to handle this matter. A date has yet to be finalized for a hearing of a motion to determine if this claim should be certified as a class action. The Corporation is waiting for a decision of the Court on its application for the Plaintiff to provide particulars (details) of the allegations in its claims.

In September 2011, the Corporation was served with a second 9-1-1 Class Actions claim substantially the same as the 2008 Saskatchewan action noted above. This second claim was issued in Alberta in August 2008 but not served on the Corporation until more than three years later. The Corporation believes that it has strong defenses to the claim and will be defending it. External legal counsel has been retained. The Corporation is not aware of any further proceedings being taken in this second action beyond service of the claim.

l) In November 2011, the Corporation was served with two proposed Class Action claims, one issued in Saskatchewan and one issued in Alberta. The claims substantially overlap and name the major wireless carriers in Canada, including the Corporation, and Research in Motion as defendants. The proposed claims seek compensation related to Blackberry service issues alleged to have occurred in October 2011. The Corporation believes that it has strong defenses to the claim and will be defending it. The Corporation is not aware of any further proceedings being taken in this action beyond service of the claim.

m) On February 6, 2013, the Corporation was served with a claim out of the Supreme Court of British Columbia. The Plaintiffs seek unquantified damages from the defendant wireless communications service providers and most known wireless device manufacturers. The claim is primarily one of product liability involving allegations by wireless customers who have had cancer or other afflictions allegedly caused by cell phone use. This claim is being defended by external legal counsel retained by the Corporation's liability insurer. The Corporation believes there is no merit to the claim and is defending it.

25. COMMITMENTS AND CONTINGENCIES *(continued)*

n) The Corporation has various legal matters pending which, in the opinion of management, will not have a material effect on the Corporation's consolidated financial position or results of operations. Should the ultimate resolution of actions differ from management's assessments and assumptions, a material adjustment to the Corporation's financial position or results of operations could result.

26. DEPRECIATION AND AMORTIZATION

(thousands of dollars)

	Note	Fifteen Months March 31 2016	Twelve Months December 31 2014
Property, plant and equipment	13	**$ 876,711**	$ 629,068
Intangible assets	15	**87,194**	70,195
Investment property	14	**10,937**	7,854
		$ 974,842	$ 707,117

27. IMPAIRMENT LOSSES

(thousands of dollars)

	Note	Fifteen Months March 31 2016	Twelve Months December 31 2014
Impairment losses on investments		**$ 17,585**	$ 7,026
Impairment losses on property, plant and equipment	13	**6,577**	20,502
Impairment (reversals) losses on intangible assets	15	**(2,000)**	2,622
		$ 22,162	$ 30,150

28. SASKATCHEWAN TAXES AND FEES

(thousands of dollars)

	Fifteen Months March 31 2016	Twelve Months December 31 2014
Saskatchewan capital tax	**$ 84,897**	$ 63,514
Grants in lieu of taxes to municipalities	**44,659**	36,293
Gaming fees	**32,681**	24,902
Insurance premium tax	**27,438**	20,321
Other	**4,053**	3,289
	$ 193,728	$ 148,319

29. FINANCE INCOME AND EXPENSES

(thousands of dollars)

	Note	Fifteen Months March 31 2016	Twelve Months December 31 2014
Recognized in consolidated net earnings			
Sinking fund earnings	7(b)	$ 48,309	$ 26,864
Gain on sale of investments at fair value through profit or loss		42,293	22,342
Change in fair value of financial assets at fair value through profit or loss		4,045	55,105
Interest and other income from investments at fair value through profit or loss		21,782	17,189
Amounts amortized to net earnings and included in finance income		7	1,421
Interest income from defined benefit pension plans	21	83,661	79,119
Other		24,728	22,252
Finance income		224,825	224,292
Interest expense on financial liabilities measured at amortized cost		639,784	486,921
Change in fair value of financial assets at fair value through profit or loss		43,066	1,284
Accretion expense on provisions	18	9,272	10,141
Interest cost on defined benefit pension plans	21	98,625	87,333
Interest cost on other defined benefit plans	21	4,816	8,662
Interest capitalized[1]		(44,282)	(71,605)
Other		2,452	1,941
Finance expenses		753,733	524,677
Net finance expenses		$ 528,908	$ 300,385
Recognized directly in equity			
Impact of changes in actuarial assumptions on defined benefit pension plans	21	$ (41,464)	$ (227,927)
Impact of changes in actuarial assumptions on other defined benefit pension plans	21	(976)	(2,547)
Return on pension plan assets (excluding interest income)	21	8,392	99,833
Unrealized gain (loss) on cash flow hedges		15,103	(18,471)
Realized losses on cash flow hedges		(46,211)	(12,251)
Amounts amortized to net earnings and included in finance income		(7)	(1,421)
Net finance (expense) income recognized directly in equity and attributable to Province of Saskatchewan		$ (65,163)	$ (162,784)

[1] The weighted average interest rate used to capitalize interest was 3.9 per cent at March 31, 2016 (2014 - 4.5 per cent).

30. CONSOLIDATED STATEMENT OF CASH FLOWS

(thousands of dollars)

	Note	Fifteen Months March 31 2016	Twelve Months December 31 2014
Adjustments to reconcile net earnings to cash from operating activities			
Depreciation and amortization	26	$ 974,842	$ 707,117
Share of net earnings from equity accounted investees	12	(7,233)	(6,274)
Loss from discontinued operations	11	-	989
Net loss (gain) on sale of equity accounted investees		84	(901)
Defined benefit plan current service costs	21	10,346	7,821
Provision for (recovery of) decommissioning and environmental remediation liabilities	18	3,629	(11,527)
Unrealized losses on derivative financial instruments	8(b)	93,875	90,983
Inventory write-downs		16,298	16,926
Loss on disposal of property, plant and equipment		30,262	10,829
Impairment losses	27	22,162	30,150
Net finance expenses	29	528,908	300,385
Other non-cash items		(9,953)	(501)
		$ 1,663,220	$ 1,145,997

31. RELATED PARTY TRANSACTIONS

Included in these consolidated financial statements are transactions with various Saskatchewan Crown corporations, ministries, agencies, boards and commissions related to the Corporation by virtue of common control by the Government of Saskatchewan and non-Crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan (collectively referred to as "related parties"). The Corporation has elected to take a partial exemption under IAS 24, *Related Party Disclosures* which allows government-related entities to limit the extent of disclosures about related party transactions with government or other government-related entities.

Routine operating transactions with related parties are settled at prevailing market prices under normal trade terms.

The Corporation pays Saskatchewan provincial sales tax to the Saskatchewan Ministry of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of these purchases.

Other transactions and amounts due to and from related parties and the terms of settlement are described separately in these consolidated financial statements and the notes thereto.

31. RELATED PARTY TRANSACTIONS *(continued)*

Key management personnel compensation

In addition to salaries, the Corporation provides non-cash benefits to key management personnel, defined as the Board of Directors of each of its subsidiaries, as well as the President and Vice-Presidents of CIC and each of its subsidiaries.

Key management personnel compensation consists of (thousands of dollars):

	Fifteen Months March 31 2016	Twelve Months December 31 2014
Salaries, wages and short-term employee benefits	$ 28,170	$ 22,875
Employee future benefits	1,738	1,230
Other	8	43
	$ 29,916	$ 24,148

32. COMPARATIVE FIGURES

Certain of the December 31, 2014 figures have been reclassified to conform to the current period's presentation.

903
STC
The Bus Company
D4505

CIC Separate

CIC SEPARATE MANAGEMENT DISCUSSION & ANALYSIS 145
Analysis of Financial Results 145
Comparison of 2015-16 Results with 2014 Results 145
Public Policy Initiatives 149
Comparison of 2015-16 Results with Budget 150
Enterprise Risk and Opportunities Management 151
Key Factors Affecting Financial Performance 152
Looking Ahead to 2016-17 153

CIC SEPARATE FINANCIAL STATEMENTS 154

ANALYSIS OF FINANCIAL RESULTS

CIC's (the Corporation) separate financial statements are used to determine CIC's capacity to pay dividends to the Province's General Revenue Fund (GRF). These separate financial statements isolate the Corporation's cash-flow, capital and operating support for certain subsidiary Crown corporations. Inclusion of these financial statements in the Annual Report of CIC enhances accountability and the transparency of CIC's operations.

This narrative on CIC's separate 2015-16 financial results should be read in conjunction with the audited separate financial statements. For the purposes of this narrative on CIC's separate financial results, "CIC" refers to the holding company.

CHANGE OF YEAR END

CIC has been directed by the provincial government to change its fiscal year end to March 31 to coincide with that of the Province of Saskatchewan. The first complete fiscal period consists of the fifteen months ending March 31, 2016. The following descriptions are used throughout the Management Discussion & Analysis to describe the periods noted below:

For the Statement of Comprehensive Income and Cash Flows date	The description is for period ended
2011, 2012, 2013, 2014	Twelve months ended December 31
Twelve months 2015-16	Twelve months ended December 31, 2015
Three months 2015-16	Three months ended March 31, 2016
Fifteen months 2015-16	Fifteen months ended March 31, 2016

For the Statement of Financial Position date	The description is as at
2011, 2012, 2013, 2014	December 31
Fifteen months 2015-16	March 31, 2016

COMPARISON OF 2015-16 RESULTS WITH 2014 RESULTS

EARNINGS

The following table presents a five-year comparison of CIC's financial results (millions of dollars):

	Fifteen months 2015-16	Twelve months 2015-16	2014	2013	2012	2011
Dividend revenues from subsidiary Corporations	**$ 184.4**	**$ 127.7**	$ 173.6	$ 202.5	$ 346.4	$ 213.9
Add: Finance and other revenue	**3.5**	**3.1**	3.9	3.2	4.5	5.1
Gain on sale of Information Services Corp. (ISC) shares	-	-	-	156.2	-	-
Grant funding from GRF	-	-	-	-	-	100.3
Less: Operating, salaries and other expenses	**(17.4)**	**(10.7)**	(12.2)	(12.9)	(15.4)	(15.7)
Grants to subsidiary corporations	**(17.0)**	**(13.3)**	(15.6)	(18.6)	(21.5)	(136.5)
Total Separate Earnings	**$ 153.5**	**$ 106.8**	$ 149.7	$ 330.4	$ 314.0	$ 167.1

COMPARISON OF 2015-16 RESULTS WITH 2014 RESULTS *(continued)*

EARNINGS *(continued)*

Net earnings for the twelve months 2015-16 were $106.8 million (2014 - $149.7 million), a decrease of $42.9 million from the same period in 2014. The decrease in earnings is primarily due to a decrease in dividend revenue from subsidiary corporations of $45.9 million and a decrease in finance and other revenue of $0.8 million. The decrease in revenue was partially offset by a decrease in grant funding to subsidiary corporations of $2.3 million and a decrease in operating, salaries and administrative expenses of $1.5 million.

Earnings for the three months 2015-16 were $46.7 million bringing the total net earnings for the fifteen months 2015-16 to $153.5 million. Dividend revenue from subsidiary corporations during these three months was $56.7 million and finance and other revenue was $0.4 million. Operating, salaries and benefits and other expenses were $6.7 million and grants to subsidiary corporations were $3.7 million.

A more detailed discussion of the twelve months 2015-16 compared to 2014 financial results and three months 2015-16 financial results are included on the pages following.

DIVIDEND REVENUE

CIC's revenue is comprised of dividends from subsidiary Crown corporations and revenue from investments. Dividends from subsidiary Crown corporations are the primary determinant in CIC's ability to pay regular dividends to the GRF.

Revenues are influenced by weather as follows:

- Demand for electricity and natural gas increases during cold weather which impacts earnings at Saskatchewan Power Corporation (SaskPower) and SaskEnergy Incorporated (SaskEnergy);
- Accident and other insurance claims at Saskatchewan Government Insurance (SGI) are impacted by winter driving conditions and the summer storm season; and
- Water run-off levels impact SaskPower's capacity to generate hydro-electricity at a much lower cost compared to natural gas and coal generation.

The dividend is calculated in accordance with CIC's dividend policy and is typically a percentage of earnings from operations, but can be an absolute value. The percentage is based on the overall financial health of the subsidiary Crown and its need for capital investment. These dividend targets are subject to change during the year if there is a significant change in circumstances. For the fifteen months 2015-16, the dividend at Saskatchewan Telecommunications (SaskTel) is $37.5 million, SGI is $47.3 million, Saskatchewan Water Corporation (SaskWater) is based on 25.0 per cent of earnings from operations, Saskatchewan Gaming Corporation (SGC) is based on 80.0 per cent of earnings from operations, Saskatchewan Opportunities Corporation (SOCO) is based on 90.0 per cent of earnings from operations and SaskEnergy is based on 55.0 per cent of earnings from operations for the twelve months 2015-16 and 35.0 per cent for the three months 2015-16.

COMPARISON OF 2015-16 RESULTS WITH 2014 RESULTS *(continued)*

DIVIDEND REVENUE *(continued)*

A five-year history of dividend revenue by contribution source is as follows:

Dividend Revenue
(millions of dollars)

	Fifteen months 2015-16	Twelve months 2015-16	2014	2013	2012	2011
SaskEnergy	**$ 64.7**	**$ 44.0**	$ 17.5	$ 30.4	$ 27.2	$ 39.1
SaskTel	**37.5**	**30.0**	53.3	81.1	84.3	138.6
SGI	**47.3**	**25.0**	31.6	25.6	52.0	-
SGC	**26.1**	**21.5**	19.9	16.4	21.0	20.7
ISC	**5.4**	**4.3**	4.3	12.3	19.1	15.5
SaskWater	**1.9**	**1.7**	-	-	-	-
SOCO	**1.5**	**1.2**	2.0	1.7	2.8	-
CIC Asset Management Inc. (AMI)	**-**	**-**	45.0	35.0	15.0	-
SaskPower	**-**	**-**	-	-	120.0	-
CIC Apex Equity Holdco Ltd.	**-**	**-**	-	-	5.0	-
Total Dividend Revenue	**$ 184.4**	**$ 127.7**	$ 173.6	$ 202.5	$ 346.4	$ 213.9

Dividend revenue for the twelve months 2015-16 decreased $45.9 million to $127.7 million from the same period in 2014. The decrease is due to the following:

- SaskTel's dividend for the twelve months 2015-16 of $30.0 million decreased by $23.3 million from its 2014 dividend of $53.3 million. The decrease in dividends was primarily due to cash required for capital reinvestment.
- SGI paid a dividend of $25.0 million for the twelve months 2015-16 as compared to $31.6 million in 2014. The decrease in dividends is due to cash required to pay claims compared to capital required as determined by the minimum capital test.
- SOCO paid a dividend of $1.2 million for the twelve months 2015-16 compared to $2.0 million from the same period in 2014. The decrease in dividend is primarily a result of an increase in vacancies at the research parks.
- CIC AMI did not pay a dividend for the twelve months 2015-16 compared to $45.0 million for the same period in 2014. CIC AMI's dividend is based on cash flow availability.

These decreases in dividend revenue were partially offset by:

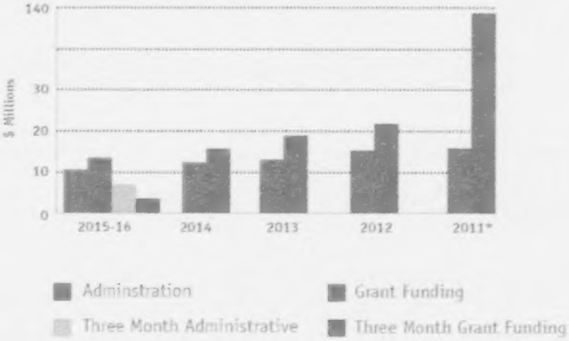
- SaskEnergy's dividend of $44.0 million for the twelve months 2015-16 increased $26.5 million from $17.5 million in the same period in 2014. The increase in dividend is primarily due to sufficient capital to support a higher dividend rate of 55.0 per cent for the twelve months 2015-16 compared to 38.0 per cent in 2014.
- SGC's dividend of $21.5 million for the twelve months 2015-16 increased $1.6 million from $19.9 million in 2014 as a result of increased earnings from slot and table games and lower operating expenses due to restraint initiatives.
- SaskWater paid a dividend of $1.7 million for the twelve months 2015-16 compared to Nil in the same period in 2014. SaskWater was able to declare a dividend for the twelve months 2015-16 due to consistent profitability from increased revenues related to the potash industry.

Dividend revenue for the three months 2015-16 was $56.7 million. The dividend revenue consisted of $22.3 million from SGI, $20.7 million from SaskEnergy, $7.5 million from SaskTel, $4.6 million from SGC, $1.1 million from ISC, $0.3 million from SOCO and $0.2 million from SaskWater.

COMPARISON OF 2015-16 RESULTS WITH 2014 RESULTS *(continued)*

OPERATING, SALARIES AND BENEFITS AND GRANTS TO SUBSIDIARY CORPORATIONS

CIC's expenses are divided into two main categories: administrative and grant funding to subsidiary corporations. The adjacent chart shows CIC's expenses by category. Total expenses for the twelve months 2015-16 of $24.0 million were $3.8 million lower than the 2014 expenses of $27.8 million. For the three months 2015-16, total expenses were $10.5 million.



* Grant funding in 2011 includes $100.2 million for carbon capture and storage initiatives.

OPERATING, SALARIES AND BENEFITS AND OTHER ADMINISTRATIVE EXPENSES

Operating, salaries and benefits and other expenses decreased by $1.5 million during the twelve months 2015-16 to $10.7 million. This decrease is primarily due to lower consulting and travel costs compared to 2014. Operating, salaries and benefits and other expenses for the three months 2015-16 were $6.8 million, which included a $3.0 million impairment loss recorded on First Nations and Métis Fund Inc.

GRANTS TO SUBSIDIARY CORPORATIONS

CIC's grant funding to subsidiary corporations for the twelve months 2015-16 of $13.3 million (2014 - $15.6 million) decreased by $2.3 million over the same period in 2014. CIC provided grant funding to Saskatchewan Transportation Company (STC) of $13.0 million (2014 - $14.0 million). Funding to STC was comprised of $10.3 million (2014 - $10.3 million) for operations and $2.7 million (2014 - $3.7 million) to meet capital requirements. Gradworks Inc. (Gradworks) received $0.3 million in grants (2014 - $0.4 million) to fund its Intern Development Program. CIC provided SaskEnergy with Nil (2014 - $1.2 million) as part of the Saskatchewan Energy Share program (EnerGuide for Houses).

CIC's grant funding for the three months 2015-16 was $3.7 million. STC received $2.9 million for operations and $0.7 million to meet capital requirements. Gradworks received $0.1 million to fund its Intern Development Program.

OPERATING, INVESTING AND FINANCING ACTIVITIES

(millions of dollars)

	Fifteen months 2015-16	Twelve months 2015-16	2014
Cash Flow Highlights			
Cash from operations	$ 116.5	$ 87.9	$ 178.4
Cash provided by (used in) investing activities	7.1	(81.4)	75.7
Cash used in financing activities	(297.2)	(262.2)	(206.0)
Change in Cash	$ (173.6)	$ (255.7)	$ 48.1

COMPARISON OF 2015-16 RESULTS WITH 2014 RESULTS *(continued)*

OPERATING, INVESTING AND FINANCING ACTIVITIES *(continued)*

Net cash from operations of $87.9 million for twelve months 2015-16 decreased from the same period in 2014 by $90.5 million. This decrease is primarily a result of a decrease in net earnings of $42.9 million primarily due to lower dividends and a decrease in the net change in non-cash working capital balances related to operations of $48.3 million as a result of higher dividends receivable.

Net cash from operations for three months 2015-16 was $28.6 million. This is a result of $46.7 million in net earnings offset by a $20.7 million net change in non-cash working capital balances related to operations primarily due to an increase in the dividends receivable.

Net cash used in investing activities for the twelve months 2015-16, was $81.4 million (2014 - net cash provided by investing activities of $75.7 million), a decrease in cash of $157.1 million. The decrease in cash flows is mainly due to reclassifications of $117.9 million of cash between cash and cash equivalents and short-term investments compared to $30.0 million in the same period in 2014. Short-term investments that have a maturity date of 90 days or less are classified as cash and cash equivalents. For the three months 2015-16, CIC had net cash provided by investing activities of $88.5 million which is primarily a result of the reclassification of cash and cash equivalents and short-term investments.

Net cash used in financing activities for twelve months 2015-16 was $262.2 million as compared to $206.0 million for the same period of 2014. In 2015, CIC declared and paid a regular dividend to the GRF of $150.0 million; additional dividends of $106.2 million to support government initiatives; and a $6.0 million dividend for the Innovation Agenda for a total transfer of $262.2 million. Net cash used in financing activities for the three months 2015-16 was $35.0 million. On March 30, 2016, CIC paid a dividend to the GRF of $35.0 million.

PUBLIC POLICY INITIATIVES

FIRST NATIONS AND MÉTIS FUND INC. (FNMF)

FNMF was established to provide venture capital to qualifying First Nations and Métis businesses in the Province of Saskatchewan. In 2011, FNMF began funding the Government's First Nations Business Development Program (FNBDP).

At March 31, 2016, CIC had invested $11.4 million in FNMF to fund qualifying investments. Any further commitment from CIC is restricted to administration of FNMF.

SASKATCHEWAN IMMIGRANT INVESTOR FUND INC. (SIIF)

SIIF was established to participate in the Government of Canada's Immigrant Investor Program (IIP). The Corporation uses IIP funds to deliver the Government of Saskatchewan's HeadStart on a Home program that assists developers in building affordable housing in Saskatchewan. At March 31, 2016, SIIF had approved loans of $435.0 million in support of 2,345 new homes, of which 1,990 homes are completed or currently under construction.

The Government of Canada has announced that it will no longer accept funds into the IIP. SIIF will complete its mandate five years after the last Government of Canada IIP allocation. At this point it is unknown when the last allocation will be received from the Government of Canada.

GRADWORKS INC. (GRADWORKS)

The Gradworks Intern Development Program provides recent post-secondary graduates with internships in CIC Crown corporations, providing the graduates job opportunities and valuable work experience that may lead to permanent jobs in the Crowns, or with other Saskatchewan employers. For the twelve months 2015-16, CIC provided grant funding of $0.3 million (2014 - $0.4 million) for the administration of Gradworks. For the three months 2015-16, Gradworks received $0.1 million of funding.

COMPARISON OF 2015-16 RESULTS WITH BUDGET

(millions of dollars)

	Twelve months 2015-16 Dividend Revenue		
	Budget[1]	Actual	Budgeted Dividend (%) of Earnings
Dividends to CIC[2]			
SaskEnergy	$ 39.9	$ 44.0	55%
SaskTel	30.0	30.0	39%
SGI	25.0	25.0	68%
SGC	20.6	21.5	80%
ISC	4.3	4.3	N/A
SOCO	1.4	1.2	20%
SaskWater	1.2	1.7	25%
CIC AMI	-	-	N/A
Total Dividend Revenue	122.4	127.7	
Grants to subsidiary corporations	(13.7)	(13.3)	
Operating and net finance expenses (net of other income)	(9.0)	(7.6)	
Separate Earnings	$ 99.7	$ 106.8	
Dividend to the GRF	$ 262.2	$ 262.2	

[1] Crown corporations were not required to have a Board approved three month 2015-16 budget when transitioning to a March 31, 2016 year end.

[2] Crown corporations' dividends are based on earnings from operations before the impacts of non-cash market value adjustments (referred to as operating income).

EARNINGS

Separate earnings for the twelve months 2015-16 of $106.8 million were $7.1 million higher than budget. The earnings exceeded budget primarily due to higher than expected dividend revenue from subsidiary corporations of $5.3 million. Grant funding was $0.4 million lower than budget and expenditures were $1.4 million lower than budget. A more detailed discussion of the twelve months 2015-16 actual results compared to budget results are included on the pages following.

DIVIDEND REVENUE

Dividend revenue is directly proportionate to Crown earnings. The following outlines variances in dividends from subsidiary corporations:

- SaskEnergy dividends were $4.1 million higher than budget due to increased revenue through customer growth and reduced operating expenses from restraint initiatives partially offset by warmer weather.
- SGC dividends were $0.9 million higher than budget primarily as a result of increased earnings due to lower operating expenses from restraint initiatives.
- SOCO dividends were $0.2 million lower than budget. During the year, SOCO had increased vacancies at the research parks.
- SaskWater's dividend of $1.7 million is slightly higher than its budgeted dividend of $1.2 million due to continued improved earnings resulting mainly from increased water volumes for customers and increased project management work primarily for potential new potash mines.

GRANTS TO SUBSIDIARY CORPORATIONS

CIC's grant funding to subsidiary Crown corporations of $13.3 million was lower than budget by $0.4 million. This decrease is primarily the result of STC receiving lower grants of $0.4 million related to capital requirements.

COMPARISON OF 2015-16 RESULTS WITH BUDGET *(continued)*

DIVIDEND TO THE GRF

For twelve months 2015-16, CIC declared and paid dividends to the GRF of $262.2 million. CIC's dividends included the budgeted dividend of $150.0 million, additional dividends of $106.2 million to support government initiatives, and a special dividend of $6.0 million to support the Innovation Agenda. On March 30, 2016, CIC paid an additional dividend to the GRF of $35.0 million.

OPERATING AND NET FINANCE EXPENSES

Operating and net finance expenses (net of other income) were $7.6 million which was $1.4 million lower than budget of $9.0 million. The Corporation's operating expenditures were $2.0 million below budget due mainly to lower consulting and travel costs from restraint initiatives offset by lower than budgeted net finance income of $0.6 million from lower market rates on short-term investments.

ENTERPRISE RISK AND OPPORTUNITIES MANAGEMENT (EROM)

Successful execution of CIC's corporate strategy and achievement of the business plan requires an understanding of the associated risks within the environment in which the Corporation operates. The EROM program identifies potential future events and risks that could negatively affect the achievement of the Corporation's strategic goals or objectives which could result in financial loss, or an event that could damage CIC's reputation. Risks are assessed in terms of likelihood of occurrence and severity of the occurrence. The EROM process can also lead to innovation and opportunities for improvement.

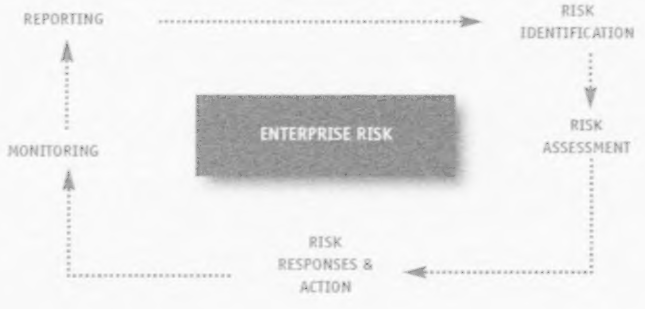
The Corporation identified four main categories within our risk management framework:

- Financial;
- Mandate;
- Legal compliance and reporting; and,
- Reputational.

A risk may affect one or all categories. In order to understand risks associated with the Corporation, CIC risk management staff interviews all senior management. The interviews identify business risks inherent to the Corporation and establish what, if any, mitigating processes and controls exist to reduce the inherent risk.

After identification of risks and establishment of the controls and mitigating factors, risk registers are updated. The registers rank risks based on likelihood of occurrence and severity of the occurrence once mitigating controls or processes are taken into account. Once established, the executive and CIC Board determine the risk tolerance and decide whether to accept, further mitigate, transfer, or avoid the risk. This can lead to identification of opportunities and strategies to either close gaps or to reallocate resources from areas that are considered over-mitigated. The Corporation reports annually to the Board on its EROM.

CIC'S RISK ASSESSMENT STRATEGY



ENTERPRISE RISK AND OPPORTUNITIES MANAGEMENT (EROM) *(continued)*

RISK OVERVIEW

The Corporation ranks the ten most significant risks on its risk register. The Corporation has determined the following risks are the most significant:

1. **Cyber security**
   The Corporation's network contains electronic records in all areas of business. There is a risk that the Corporation could be targeted by threats from outside of the network, which could result in the destruction or theft of these records. The Corporation mitigates this risk through processes and controls that strengthen security on the Corporation's network and monitoring. The Corporation continually reviews its process and controls for improvements. The Corporation further mitigates this risk by ensuring all workstations and mobile devices are password protected, securing access to its server room and by providing training on cyber security threats to all staff members.
2. **Ineffective employee knowledge transfer**
   Various CIC employees are eligible for retirement or employees could leave for other opportunities, which could cause an inability to transfer knowledge and develop staff to succeed into key roles. The Corporation ensures that it is aware of its employee's ages, diversity and years to retirement. The Corporation mitigates this risk through succession planning, policies and regular staff meetings to share information.
3. **Personal and/or confidential information is made public**
   The Corporation has personal information on employees, confidentiality clauses included in third party contracts and confidential information on Crown corporations, Government and investments that could be inappropriately made public. Third party contractors engaged by the Corporation may have access to personal information that could be inappropriately made public. The Corporation mitigates this risk through legal review of contracts, password protected workstations and mobile devices, securing access to buildings where hard copy files are located and annual employee sign off of its internal personal information privacy policy.

KEY FACTORS AFFECTING FINANCIAL PERFORMANCE

EARNINGS OF CROWN CORPORATIONS

- The key factor affecting CIC's earnings is the level of dividends from commercial subsidiary Crown corporations which are impacted by weather, commodity prices, environmental regulations and technology changes.
- Factors affecting the level of dividends from subsidiary Crowns include the level of profits and the application of CIC's Subsidiary Dividend Policy. The CIC Board determines dividends from a subsidiary Crown corporation after allocating cash for reinvestment in infrastructure and consideration of the financial sustainability of the subsidiary Crown.

INVESTMENT VALUES

- CIC regularly assesses the appropriateness of the carrying value for its investments, and writes down an investment if it judges the investment to have other than a temporary decline in carrying value; and,
- There is a mandate to divest a majority of CIC's investments.

LOOKING AHEAD TO 2016-17

CIC's key financial initiatives for 2016-17 include:

- Continue to provide a return to the Shareholder (Province of Saskatchewan);
- Continue to maintain and to improve Saskatchewan's Crown corporation infrastructure to meet the needs of both residents and businesses;
- Continue support for public policy initiatives including:
  - Funding STC bus routes;
  - Funding youth initiatives such as Gradworks; and
  - Providing capital to fund specified economic initiatives;
- Deliver the Government of Saskatchewan's HeadStart on a Home program that assists builders and developers in building affordable housing in Saskatchewan;
- Continue the wind-down of CIC AMI's investments, with a primary focus on selling remaining assets in an orderly manner;
- Enhance governance and accountability through a sector-wide Enterprise Risk and Opportunities Management framework;
- Continue to monitor new developments in financial reporting and governance, ensuring that CIC continues to be a leader in its reporting and accountability practices;
- Continue to implement the Crown Sector's Government of Saskatchewan's Procurement Transformation Action Plan, which was developed to ensure there is an open, fair and transparent bidding environment for Saskatchewan businesses, and that taxpayers receive best value; and
- CIC will work with the Ministry of Finance to achieve the goal of improved alignment of Crown sector and Executive Government planning cycles.

CIC CROWN CORPORATIONS 2016-17 EARNINGS AND DIVIDEND BUDGET

(millions of dollars)

	Earnings (Loss)	Dividend to CIC	Dividend % of Crown Earnings
SaskEnergy	$ 117.6	$ 27.2	23%
SaskTel	104.2	30.0	29%
SGI	39.6	25.0	63%
SaskPower	181.3	-	-
SGC	24.9	29.9	120%
SaskWater	6.1	1.5	25%
SOCO	0.1	0.1	73%
SIIF	(0.1)	-	-
STC	0.4	-	-
CIC AMI	0.3	15.0	N/A
CIC (separate) and other[1]	(27.2)	4.3	-
Consolidated Totals	**$ 447.2**	**$ 133.0**	
Dividend to the GRF	**$ 204.0**		

[1] Includes dividends from CIC's interest in ISC.

RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying separate financial statements have been prepared by management of Crown Investments Corporation of Saskatchewan to illustrate the financial position and results of operations and cash flows of the corporate entity only. They have been prepared, without consolidation, in accordance with the basis of accounting described in Note 2 and Note 4 to the separate financial statements, and consistently applied, using management's best estimates and judgements where appropriate. Management is responsible for the reliability and integrity of the separate financial statements, the notes to the separate financial statements and other information contained in this Annual Report.

The Corporation's Board of Directors is responsible for overseeing the business affairs of the Corporation and also has the responsibility for approving the separate financial statements. The Board of Directors is responsible for reviewing the separate financial statements and meeting with management, KPMG LLP and the Provincial Auditor of Saskatchewan on matters relating to the financial process.

Management maintains a system of internal controls to ensure the integrity of information that forms the basis of the separate financial statements. The internal controls provide reasonable assurance that transactions are executed in accordance with proper authorization, that assets are properly guarded against unauthorized use and that reliable records are maintained. The Provincial Auditor of Saskatchewan has reported to the Legislative Assembly that these controls are adequately functioning.

KPMG LLP has audited the separate financial statements. Their report to the Members of the Legislative Assembly, stating the scope of their examination and opinion on the separate financial statements, appears opposite.

Blair Swystun, CFA
President & CEO

Cindy Ogilvie

Cindy Ogilvie, CPA, CA
Vice-President & CFO

June 23, 2016

INDEPENDENT AUDITORS' REPORT

To the Members of the Legislative Assembly of Saskatchewan

We have audited the accompanying separate financial statements of **Crown Investments Corporation of Saskatchewan**, which comprise the separate statement of financial position as at March 31, 2016, the separate statements of comprehensive income, changes in equity and cash flows for the fifteen month period then ended, and notes, comprising a summary of significant accounting policies and other explanatory information. These separate financial statements have been prepared at the request of the Legislative Assembly of Saskatchewan.

Management's Responsibility for the Separate Financial Statements

Management is responsible for the preparation and fair presentation of these separate financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these separate financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the separate financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the separate financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the separate financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the separate financial statements present fairly, in all material respects, the separate financial position of Crown Investments Corporation of Saskatchewan as at March 31, 2016, and its separate financial performance and its separate cash flows for the fifteen month period then ended in accordance with the basis of accounting described in Note 2 and Note 4 to the separate financial statements.

Basis for Accounting and Restriction on Use

Without modifying our opinion, we draw attention to Note 2 and Note 4 to the separate financial statements which describes the basis of accounting. The separate financial statements are prepared for the purpose of tabling with the Legislative Assembly of Saskatchewan. As a result, the separate financial statements may not be suitable for another purpose. Our report is intended solely for the Legislative Assembly of Saskatchewan and Crown Investments Corporation of Saskatchewan and should not be used by parties other than the Legislative Assembly of Saskatchewan and Crown Investments Corporation of Saskatchewan.

KPMG LLP

Chartered Professional Accountants
June 23, 2016
Regina, Saskatchewan

SEPARATE STATEMENT OF FINANCIAL POSITION

As at

(thousands of dollars)

	Note	March 31 2016	December 31 2014
ASSETS			
Current			
Cash and cash equivalents	6	$ 132,880	$ 306,466
Interest and accounts receivable		740	824
Dividends receivable		55,654	19,309
		189,274	326,599
Equity advances to Crown corporations	7	1,186,918	1,188,918
Investments in share capital corporations	8	6,306	10,964
Equipment	9	148	224
		$ 1,382,646	$ 1,526,705
LIABILITIES AND PROVINCE'S EQUITY			
Current			
Interest and accounts payable		$ 2,376	$ 2,686
Province of Saskatchewan's Equity			
Equity advances	10	908,889	908,889
Retained earnings		471,381	615,130
		1,380,270	1,524,019
		$ 1,382,646	$ 1,526,705
Commitments and contingencies	11		

(See accompanying notes)

On behalf of the Board:

Director

Director

SEPARATE STATEMENT OF COMPREHENSIVE INCOME

For the Period Ended

(thousands of dollars)

	Note	Fifteen Months March 31 2016	Twelve Months December 31 2014
INCOME FROM OPERATIONS			
Dividend revenue	12	$ 184,474	$ 173,619
Other income		31	129
		184,505	173,748
EXPENSES			
Operating		6,459	6,055
Salaries and short-term employee benefits		7,417	5,617
Employee future benefits		502	414
Impairment loss	8(b)	3,000	-
Depreciation	9	84	98
		17,462	12,184
EARNINGS FROM OPERATIONS		167,043	161,564
Finance income	13	3,457	3,806
Finance expenses	13	(11)	(9)
NET FINANCE INCOME		3,446	3,797
EARNINGS BEFORE PUBLIC POLICY INITIATIVES		170,489	165,361
Grants to subsidiary corporations	14	(17,039)	(15,630)
NET EARNINGS		153,450	149,731
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO THE PROVINCE OF SASKATCHEWAN		$ 153,450	$ 149,731

(See accompanying notes)

SEPARATE STATEMENT OF CHANGES IN EQUITY

For the Period Ended

(thousands of dollars)

	Note	March 31 2016	December 31 2014
RETAINED EARNINGS			
Retained earnings - beginning of period		$ 615,130	$ 671,399
Total comprehensive income		153,450	149,731
Dividends to General Revenue Fund (GRF)	10	(297,199)	(206,000)
Retained earnings - end of period		471,381	615,130
EQUITY ADVANCES			
Equity advances - beginning of period		908,889	908,889
Equity advances repaid to GRF	10	-	-
Equity advances - end of period		908,889	908,889
EQUITY ATTRIBUTABLE TO THE PROVINCE OF SASKATCHEWAN		$ 1,380,270	$ 1,524,019

(See accompanying notes)

SEPARATE STATEMENT OF CASH FLOWS

For the Period Ended

(thousands of dollars)

	Note	Fifteen Months March 31 2016	Twelve Months December 31 2014
OPERATING ACTIVITIES			
Net earnings		$ 153,450	$ 149,731
Adjustments to reconcile net earnings to cash from operating activities:			
Depreciation	9	84	98
Impairment loss	8(b)	3,000	-
Net finance income	13	(3,446)	(3,797)
		153,088	146,032
Net change in non-cash working capital balances related to operations	15	(36,571)	32,416
Interest paid		(11)	(9)
Net cash from operating activities		116,506	178,439
INVESTING ACTIVITIES			
Interest received		3,457	3,806
Proceeds from retraction of equity advances	7	2,000	6,000
Repayment of due from First Nations & Métis Fund		1,190	-
Repayment of due from CIC Economic Holdco Ltd.		468	1,140
Purchase of equipment		(8)	(8)
Decrease in short-term investments		-	30,000
Purchase of investments		-	(267)
Proceeds from retraction of CIC Asset Management Inc. shares	8	-	35,000
Net cash from investing activities		7,107	75,671
FINANCING ACTIVITIES			
Dividend paid to GRF	10	(297,199)	(206,000)
Equity advances repaid to GRF		-	-
Net cash used in financing activities		(297,199)	(206,000)
NET CHANGE IN CASH AND CASH EQUIVALENTS DURING PERIOD		(173,586)	48,110
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD		306,466	258,356
CASH AND CASH EQUIVALENTS, END OF PERIOD		$ 132,880	$ 306,466

(See accompanying notes)

1. GENERAL INFORMATION

Crown Investments Corporation of Saskatchewan (CIC) is a corporation domiciled in Canada. The address of CIC's registered office and principal place of business is 400 - 2400 College Avenue, Regina, SK, S4P 1C8. CIC was established to act as a holding corporation for the Province's commercial Crown sector. CIC develops broad corporate policy, directs investments for its subsidiaries and provides dividends to the Province's General Revenue Fund (GRF). A list of CIC's subsidiaries with principal activities is contained in Note 5.

2. BASIS OF PREPARATION

a) Statement of compliance

The separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The separate financial statements were authorized for issue by the Board of Directors on June 23, 2016.

b) Change of period end

CIC has been directed by the provincial government to change its fiscal period end to March 31 to coincide with that of the Province of Saskatchewan. The first complete fiscal period will consist of the fifteen months ending March 31, 2016. Information included in the following discussion focuses on the fifteen months of the current fiscal period as compared to the twelve month fiscal period ending December 31, 2014. As a result, information contained in these separate financial statements may not be comparable with previously reported information.

c) Basis of measurement

The separate financial statements have been prepared on the historical cost basis except for financial assets at fair value through profit or loss.

d) Functional and presentation currency

These separate financial statements are presented in Canadian dollars, which is CIC's functional currency.

e) Use of estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Significant items subject to estimates and assumptions include the carrying amounts of investments (Notes 7 and 8).

f) Use of judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements that affect the application of accounting policies. Significant items subject to judgement are included in the accounting policies listed in Note 4.

3. APPLICATION OF REVISED ACCOUNTING STANDARDS

The following amendments to standards, effective for annual periods beginning on or after January 1, 2015, have been applied in preparing these separate financial statements:

- IFRS 13, *Fair value measurement*
- IAS 24, *Related party disclosures*

The adoption of these amended standards had no material impact on the separate financial statements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these separate financial statements.

CIC's separate financial statements do not consolidate the activities of its subsidiaries. Other than this exception, the accounting policies have been consistently applied by CIC's subsidiary corporations.

CIC prepares audited consolidated financial statements in accordance with IFRS 10, *Consolidated Financial Statements*. The audited consolidated financial statements have been authorized by the CIC Board of Directors on June 23, 2016. CIC's audited consolidated financial statements should be referenced for further information.

a) Cash and cash equivalents

Cash and cash equivalents includes the cash held within CIC's bank accounts and short-term investments that have a maturity date of ninety days or less. Cash and cash equivalents are measured at fair value through profit and loss, and changes therein are recognized through net earnings.

b) Equity advances to Crown corporations

Crown corporations do not have share capital. However, six Crown corporations have equity advances from CIC to form their equity capitalization. The equity advances are accounted for at cost and dividends from these corporations are recognized as income when declared.

c) Investments in share capital corporations

Investments in shares of corporations are accounted for at cost. Dividends from these investments are recognized as income when declared.

d) Impairment of equity in Crown corporations and share capital corporations

Investments in Crown corporations and share capital corporations are assessed at each reporting date to determine whether there is objective evidence that the investment is impaired. An investment is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the investment, and that the loss event had a negative effect on the estimated future cash flows of that investment that can be estimated reliably. An impairment loss is recognized through net earnings if the carrying amount of the investment exceeds its recoverable amount.

If, in a subsequent period, the fair value of an impaired investment increases and the increase can be related objectively to an event occurring after the impairment loss was recognized in net earnings, then the impairment loss is reversed, with the amount of the reversal recognized through net earnings.

e) Equipment

Equipment is recorded at cost less accumulated depreciation and any accumulated impairment losses. When these assets are disposed of or retired, the related costs less accumulated depreciation and any accumulated impairment losses are eliminated from the accounts. Any resulting gains or losses are reflected in the Separate Statement of Comprehensive Income.

Equipment is depreciated using the following methods:

Computer equipment	3 years straight-line
Furniture and equipment	20 per cent declining balance

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

f) Financial instruments

CIC classifies its financial instruments into one of the following categories: fair value through profit or loss; loans and receivables; and other liabilities.

Financial assets and liabilities are not offset with the net amount reported on the consolidated statement of financial position unless there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

All financial instruments are measured at fair value on initial recognition. Transaction costs are included in the initial carrying amount of financial instruments except for financial instruments at fair value through profit or loss in which case the transaction costs are expensed as incurred. Measurement in subsequent periods depends on the classification of the financial instrument.

i) Non-derivative financial assets

CIC non-derivative financial assets include financial assets at fair value through profit or loss and loans and receivables.

CIC initially recognizes loans and receivables at fair value on the date that they originated. All other financial assets, including assets designated at fair value through profit or loss, are recognized initially at fair value on the trade date at which CIC becomes a party to the contractual provisions of the instrument.

CIC de-recognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows of the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by CIC is recognized as a separate financial asset or liability.

CIC does not net financial assets or liabilities for presentation in the Separate Statement of Financial Position.

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held-for-trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if CIC manages such investments and makes purchase and sale decisions based on their fair value in accordance with CIC's documented risk strategy. Upon initial recognition, transaction costs attributable are recognized in net earnings as incurred. Cash and cash equivalents and short-term investments are measured at fair value through profit and loss, and changes therein are recognized through net earnings.

Loans and receivables

Loans and receivables are comprised of interest and accounts receivable and dividends receivable.

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

f) Financial instruments *(continued)*

ii) Non-derivative financial liabilities

CIC's non-derivative financial liabilities include interest and accounts payable.

CIC does not net financial assets or liabilities for presentation in the Separate Statement of Financial Position.

CIC initially recognizes non-derivative financial liabilities on the date they originate. All other financial liabilities, including liabilities designated at fair value through profit or loss, are recognized initially on the trade date at which CIC becomes a party to the contractual provisions of the instrument.

CIC de-recognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

g) Equity advances

CIC periodically receives funding from the Government of Saskatchewan through the GRF. Funding can be provided for one of two purposes, the funding of government policy initiatives for which no return is expected or required, or for long-term investment which is expected to provide a return to the GRF. Funding provided for government policy initiatives is recorded as revenue in the period spending occurs. Funding provided for long-term investment is recorded as an equity advance (Note 10).

h) Revenue recognition

CIC's revenue is derived from the ownership of its subsidiary corporations. Dividend revenue from subsidiary corporations is recorded as income in the Separate Statement of Comprehensive Income when declared. Dividends received are classified as operating activities in accordance with IAS 7, *Statement of Cash Flows.*

i) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

j) Employee future benefits

Defined contribution plan

CIC is a member of the Public Employees' Pension Plan (PEPP), a defined contribution pension plan. PEPP is administered by the Public Employees Benefits Agency (PEBA), which is an agency of the Saskatchewan Ministry of Finance. CIC was a member of Capital Pension Plan (CPP), a defined contribution pension plan until June 25, 2015 as disclosed in Note 18.

A defined contribution plan is a post-employment benefit under which CIC pays fixed contributions to PEPP and has no legal or constructive obligation to pay further amounts. Obligations for contributions to PEPP are recognized as an employee future benefit expense in the Separate Statement of Comprehensive Income in the period during which services are rendered by employees.

k) Finance income and expenses

Finance income is comprised of interest income from short-term investment holdings. Interest income is recognized as it accrues in the Separate Statement of Comprehensive Income, using the effective interest method. On the Separate Statement of Cash Flows, interest income is recorded as an investing activity. Finance expenses are comprised of bank and service charges. On the Separate Statement of Cash Flows interest expense is recorded as an operating activity.

5. STATUS OF CROWN INVESTMENTS CORPORATION OF SASKATCHEWAN

CIC was established by Order in Council 535/47 dated April 2, 1947, and is continued under the provisions of *The Crown Corporations Act, 1993* (the Act). CIC is an agent of Her Majesty in Right of the Province of Saskatchewan and as a provincial Crown corporation is not subject to federal and provincial income taxes. Certain jointly controlled enterprises and subsidiaries are not provincial Crown corporations and are subject to federal and provincial income taxes.

The Act assigns specific financial and other responsibilities to CIC regarding Crown corporations designated or created as subsidiary Crown corporations of CIC under the Act. The following wholly-owned Crown corporations have been designated or created by Order in Council:

Wholly-owned subsidiaries domiciled in Canada	**Principal Activity**
SaskEnergy Incorporated (SaskEnergy)	Natural gas storage and delivery
Saskatchewan Gaming Corporation (SGC)	Entertainment
Saskatchewan Government Insurance (SGI)	Property and casualty insurance
Saskatchewan Opportunities Corporation (SOCO)	Research parks
Saskatchewan Power Corporation (SaskPower)	Electricity
Saskatchewan Telecommunications Holding Corporation and Saskatchewan Telecommunications (collectively SaskTel)	Telecommunications
Saskatchewan Transportation Company (STC)	Passenger and freight transportation
Saskatchewan Water Corporation (SaskWater)	Water and wastewater management

In addition to the above Crown corporations, CIC is the sole member of Gradworks Inc., a wholly-owned non-profit subsidiary and the sole shareholder of the following wholly-owned share capital subsidiaries: CIC Asset Management Inc. (CIC AMI); First Nations and Métis Fund Inc. (FNMF); Saskatchewan Immigrant Investor Fund Inc. (SIIF); and CIC Economic Holdco Ltd., all of which are domiciled in Canada.

6. CASH AND CASH EQUIVALENTS

Included in cash and cash equivalents are $87.9 million (December 2014 - $281.1 million) of short-term investments with an effective interest rate of 0.82 per cent (December 2014 - 1.12 per cent).

7. EQUITY ADVANCES TO CROWN CORPORATIONS

Equity advances to Crown corporations are as follows (thousands of dollars):

	March 31 2016	December 31 2014
Saskatchewan Power Corporation	**$ 660,000**	$ 660,000
Saskatchewan Telecommunications Holding Corporation	**250,000**	250,000
Saskatchewan Opportunities Corporation (a)	**116,687**	118,687
Saskatchewan Government Insurance	**80,000**	80,000
SaskEnergy Incorporated	**71,531**	71,531
Saskatchewan Water Corporation	**8,700**	8,700
Saskatchewan Gaming Corporation (b)	**-**	-
	$ 1,186,918	$ 1,188,918

a) During the fifteen months ended March 31, 2016, CIC retracted $2.0 million (December 2014 - $2.0 million) in equity advances from Saskatchewan Opportunities Corporation.

b) During 2014, CIC retracted all remaining equity advances from Saskatchewan Gaming Corporation in the amount of $4.0 million.

8. INVESTMENTS IN SHARE CAPITAL CORPORATIONS

(thousands of dollars)

	Voting Percentage	March 31 2016	December 31 2014
CIC Asset Management Inc. (a):			
1 (December 2014 - 1) Class A common share	100%	$ -	$ -
First Nations and Métis Fund Inc. (b):			
100 (December 2014 - 100) Class A common shares	100%	-	-
Due from FNMF		11,427	12,617
Impairment in value of FNMF		(6,000)	(3,000)
		5,427	9,617
CIC Economic Holdco Ltd. (c):			
100 (December 2014 - 100) Class A common shares	100%	-	-
Due from CIC Economic Holdco Ltd.		879	1,347
		879	1,347
Saskatchewan Immigrant Investor Fund Inc. (d):			
1 (December 2014 - 1) Class A common share	100%	-	-
Information Services Corporation (e):			
5,425,000 (December 2014 - 5,425,000) Class A Limited Voting shares	31%	-	-
		$ 6,306	$ 10,964

a) CIC AMI was established on November 14, 1979 under *The Business Corporations Act (Saskatchewan)*. CIC AMI has a mandate to prudently manage and divest of its portfolio of investments.

b) FNMF was established on May 9, 2006 to provide venture capital to qualifying First Nations and Métis businesses in Saskatchewan. Due to losses accumulated from investments made by FNMF, CIC has recorded a $6.0 million (December 2014 - $3.0 million) provision against amounts due from FNMF, which reflects CIC's current expectations of recovery of these amounts. During the fifteen months ended March 31, 2016, FNMF repaid $1.2 million of its loan from CIC.

c) CIC, through its wholly-owned subsidiary, CIC Economic Holdco Ltd., entered into a joint venture agreement with Saskatchewan Entrepreneurial Fund Joint Venture (SEFJV). The SEFJV was established on April 24, 2006 to operate as an institutional investment fund focusing primarily on investment in Saskatchewan and the creation of employment and economic growth and expansion of the small business sector in Saskatchewan. CIC Economic Holdco Ltd. holds a 45.5 per cent (December 2014 - 45.5 per cent) joint venture interest in SEFJV. During the fifteen months ended March 31, 2016, CIC Economic Holdco. Ltd. provided a distribution of $0.5 million to CIC.

At March 31, 2016, CIC Economic Holdco Ltd. had total assets of $0.9 million (December 2014 - $1.4 million) and recorded a loss of $0.1 million (December 2014 - $0.1 million earnings). CIC has invested $0.9 million (December 2014 - $1.3 million) in capital in SEFJV through CIC Economic Holdco Ltd.

8. INVESTMENTS IN SHARE CAPITAL CORPORATIONS *(continued)*

d) SIIF was established on October 6, 2010 under *The Business Corporations Act (Saskatchewan)*. SIIF was established to participate in the Government of Canada's Immigrant Investor Program (IIP). SIIF uses the IIP funds to deliver the Government of Saskatchewan's HeadStart on a Home program that assists builders and developers in building affordable housing. On February 11, 2014, the Government of Canada announced that it will no longer accept funds into the IIP. SIIF will complete its mandate five years after the last Government of Canada IIP allocation.

e) The Corporation owns 5,425,000 Class A Limited Voting shares representing a 31.0 per cent ownership interest of ISC. At March 31, 2016, the fair value of these shares was $77.3 million (December 2014 - $98.7 million).

9. EQUIPMENT

(thousands of dollars)

	March 31 2016	December 31 2014
Cost		
Balance at January 1	$ 1,879	$ 1,871
Additions	8	8
Disposals	-	-
Balance at end of period	1,887	1,879
Accumulated depreciation		
Balance at January 1	1,655	1,557
Depreciation	84	98
Disposals	-	-
Balance at end of period	1,739	1,655
Carrying amount at end of period	$ 148	$ 224

10. EQUITY ADVANCES AND CAPITAL DISCLOSURES

CIC does not have issued or outstanding share capital. However, CIC has received advances from the GRF to form its equity capitalization. The advances are an equity investment in CIC by the GRF. During the fifteen months ended March 31, 2016, CIC did not repay equity advances to the GRF. Equity advances from the GRF have been invested in subsidiary Crown corporations. CIC, as a holding corporation for the Saskatchewan commercial Crown sector, does not carry any debt.

CIC's ability to pay regular dividends to the GRF depends mainly on the level of Crown corporation dividends to CIC, less CIC's operating costs. These operating costs include support to non-dividend paying Crown corporations, public policy expenditures and CIC's administrative expenses. Crown corporation dividend levels depend on their net earnings and capital structure. In addition to cash constraints, CIC's ability to declare dividends to the GRF depends on its retained earnings. CIC's earnings and hence, dividend capacity outlook, are sensitive to adverse developments in its operating expenditures and Crown corporation earnings.

For the period ending March 31, 2016, CIC declared and paid $297.2 million (December 2014 - $206.0 million) in dividends to the GRF.

11. COMMITMENTS AND CONTINGENCIES

CIC, as plan sponsor of CPP, has guaranteed the annuities for the Retirement Annuity Fund portion of the CPP. CIC does not expect any exposure under this guarantee in 2016-17.

12. DIVIDEND REVENUE

(thousands of dollars)

	Fifteen Months March 31 2016	Twelve Months December 31 2014
SaskEnergy Incorporated	$ 64,736	$ 17,447
Saskatchewan Government Insurance	47,250	31,639
Saskatchewan Telecommunications Holding Corporation	37,500	53,292
Saskatchewan Gaming Corporation	26,145	19,922
Information Services Corporation	5,425	4,340
Saskatchewan Water Corporation	1,929	-
Saskatchewan Opportunities Corporation	1,489	1,979
CIC Asset Management Inc.	-	45,000
	$ 184,474	$ 173,619

13. FINANCE INCOME AND EXPENSES

(thousands of dollars)

	Fifteen Months March 31 2016	Twelve Months December 31 2014
Interest income from short-term investment holdings	$ 3,457	$ 3,806
Bank and service charges	(11)	(9)
	$ 3,446	$ 3,797

14. GRANTS TO SUBSIDIARY CORPORATIONS

(thousands of dollars)

	Fifteen Months March 31 2016	Twelve Months December 31 2014
Saskatchewan Transportation Company	$ 16,670	$ 14,050
SaskEnergy Incorporated	-	1,201
Gradworks Inc.	369	379
	$ 17,039	$ 15,630

15. NET CHANGE IN NON-CASH WORKING CAPITAL BALANCES RELATED TO OPERATIONS

(thousands of dollars)

	Fifteen Months March 31 2016	Twelve Months December 31 2014
Decrease (increase) in interest and accounts receivable	$ 84	$ (6)
(Increase) decrease in dividends receivable	(36,345)	32,519
Decrease in interest and accounts payable	(310)	(97)
	$ (36,571)	$ 32,416

16. FINANCIAL INSTRUMENTS

a) Market risk

Interest rate price risk reflects the risk that CIC's earnings will fluctuate due to changes in interest rates. CIC's cash and cash equivalents and short-term investments are held in short-term money market instruments and will therefore adjust to fluctuations in the interest rate environment. CIC does not believe that the impact of fluctuations in interest rates will be significant and therefore has not provided a sensitivity analysis of the impact on net earnings.

Cash and cash equivalents and short-term investments are measured at fair value based on an active market.

b) Credit risk

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. Concentration of credit risk relates to groups of customers or counterparties that have similar economic or industry characteristics that cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. CIC's interest and accounts receivable consist mostly of interest due on money market investments. CIC has recorded no allowance on its interest and accounts receivable balance. Dividends receivable are due from CIC's subsidiaries within 90 days of period end. CIC has recorded no allowances on its dividends receivable.

c) Liquidity risk

Liquidity risk is the risk that CIC is unable to meet its financial commitments as they become due. CIC is a Saskatchewan Provincial Crown corporation and as such has access to capital markets through the GRF. All interest and accounts payable are current and due within six months of period end. Currently, CIC has sufficient resources to discharge all liabilities.

17. RELATED PARTY TRANSACTIONS

Included in these separate financial statements are transactions with various Saskatchewan Crown corporations, ministries, agencies, boards and commissions related to CIC by virtue of common control by the Government of Saskatchewan and non-Crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan (collectively referred to as "related parties"). CIC has elected to take a partial exemption under IAS 24, *Related Party Disclosures* which allows government-related entities to limit the extent of disclosures about related party transactions with government and other government-related entities.

Routine operating transactions with related parties are settled at prevailing market prices under normal trade terms.

In addition, CIC pays Saskatchewan provincial sales tax to the Saskatchewan Ministry of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

CIC provides management services to CIC AMI, FNMF, Gradworks Inc., SIIF, and CIC Economic Holdco Ltd. without charge.

These separate financial statements and the notes thereto separately describe other transactions and amounts due to and from related parties and the terms of settlement.

17. RELATED PARTY TRANSACTIONS *(continued)*

Key management personnel compensation

In addition to salaries, CIC also provides non-cash benefits to the President and Vice-Presidents and contributes to a post-employment defined contribution plan on their behalf. A retirement allowance is provided to executive officers and accumulates at a rate of 1.92 per cent of their respective gross salary per period.

Key management personnel compensation is comprised of:
(thousands of dollars)

	Fifteen Months March 31 2016	Twelve Months December 31 2014
Salaries and short-term employee benefits	$ 1,174	$ 1,072
Employee future benefits	108	75
Other	6	7
	$ 1,288	$ 1,154

18. PENSION PLAN

CIC is a member of PEPP, a defined contribution pension plan. CIC's contributions to PEPP include making regular payments to match the required amounts contributed by employees for current service. The total amount paid to PEPP to March 31, 2016 was $0.3 million (December 2014 - Nil).

As at June 25, 2015, CPP's Defined Contribution Fund members and assets were transferred to the PEPP. The total amount paid to the CPP to March 31, 2016 was $0.2 million (December 2014 - $0.4 million). CPP is now comprised of a Retirement Annuity Fund (the Fund) which provided CPP members with the option of purchasing a life annuity upon retirement. CPP transferred the administration of the Fund to PEBA. An actuarial valuation of the Fund is performed annually. The assets of the Fund at March 31, 2016 exceed the actuarially determined net present value of retirement annuities payable.

Glossary of Terms

ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)
Comprises the accumulated balance of all components of other comprehensive income, being revenues, expenses, gains and losses that, in accordance with primary sources of International Financial Reporting Standards, are recognized in comprehensive income (loss), but excluded from net earnings.

CAPITAL RESOURCES
The funds that have been invested in and loaned to the corporation to allow it to carry out its operations and investment activities. A corporation's capital consists of its debt and equity.

CAPITAL STRUCTURE
The relative percentage or weighting of debt compared to equity for a corporation. The ideal capital structure for a corporation is usually specific to its industry and depends on factors such as the level of capital assets required to maintain operations, the cost of borrowing, the risk associated with the industry, and shareholder expectations.

CASH FLOW RETURN ON EQUITY
A measure of profitability used to evaluate the Province's investment in CIC. It is based on the cash return (e.g. dividend) provided to the owner and is calculated as dividends paid to the GRF divided by the Province's equity.

COMPREHENSIVE INCOME (LOSS)
The change in equity (net assets) of an enterprise during a period from transactions and other events and circumstances from non-owner sources. It includes all changes in equity during a period except those resulting from investments by owners and distributions to owners.

DEBT RATIO
Measures the per cent of debt in the overall capital structure of an organization and is used to evaluate its financial flexibility. It is calculated as total debt from ongoing operations (long-term debt plus long-term debt due within one year plus notes payable) less sinking funds divided by the Corporation's capital (debt plus equity).

DERIVATIVE
A contract or security that obtains its value from price movements in a related or underlying security, future or other instrument or index.

DIVIDEND CAPACITY
The financial ability that a firm has to pay dividends. Dividend capacity is determined by identifying cash sources from operations, analyzing reinvestment needs and the target capital structure, and then determining surplus cash.

DIVIDEND PAYOUT RATE
The percentage of earnings that has been paid out as dividends.

EBITDA
Earnings before interest, taxes, depreciation and amortization.

Glossary of Terms

FORWARD CONTRACT
A contractual commitment to buy or sell a specified currency at a specific price and date in the future.

GENERAL REVENUE FUND (GRF)
The GRF is a special purpose fund that the Government uses to pay for most of the programs it provides. It is the Government of Saskatchewan's central accounting entity where all public monies are deposited to and disbursed from, as authorized by the Legislative Assembly.

MINIMUM CAPITAL TEST (MCT)
The minimum capital test is a capital adequacy test widely used in the insurance industry and indicates capital available to pay claims compared to capital required.

OPTION
A contract that grants the right, but not the obligation, to buy or sell a commodity or financial instrument at a specified price at a point in time during a defined period.

OTHER COMPREHENSIVE INCOME (LOSS)
Comprises revenue, expenses, gains and losses that, in accordance with primary sources of International Financial Reporting Standards, are recognized in comprehensive income (loss), but excluded from net income.

PERFORMANCE MANAGEMENT PLANS
Plans that are developed by each Crown corporation detailing key strategic priorities, measures and targets for a given year. They are also referred to as business plans, and typically include the corporation's budget for the year.

RETURN ON EQUITY
A measure of profitability that relates a company's earnings to the investment by its owners. It is calculated as net earnings divided by the average shareholder's equity.

SIGNIFICANT TRANSACTION
Significant transactions are those judged by a Crown corporation to be sensitive and likely of interest to legislators and the public; or where the transaction is both material and outside the ordinary course of business and involves:

- the acquisition of a major investment or asset, or the assumption of a major liability;
- a change in the terms and conditions governing an existing investment or asset; or
- the divestment of a major asset or investment.

SINKING FUND
An account held for the specific purpose of paying down an existing debt instrument (e.g. loan) that has a maturity date in the future. Money is placed in the fund over the period which the debt is held, and then used to pay off the debt at its maturity. Sinking funds are recorded as investments for financial reporting purposes.

SWAP
A contractual agreement to exchange a stream of periodic payments with a counterparty.

Directory

CIC ASSET MANAGEMENT INC.
400-2400 College Avenue
Regina, Saskatchewan S4P 1C8
Inquiry: 306-787-5279
Website: www.cicorp.sk.ca

SASKATCHEWAN GAMING CORPORATION
1880 Saskatchewan Drive
Regina, Saskatchewan S4P 0B2
Inquiry: 1-800-555-3189
President: Susan Flett
Website: www.saskgaming.com

SASKATCHEWAN GOVERNMENT INSURANCE
2260-11th Avenue
Regina, Saskatchewan S4P 0J9
Inquiry: 1-844-855-2744
President: Andrew Cartmell
Website: www.sgi.sk.ca www.sgicanada.ca

SASKATCHEWAN OPPORTUNITIES CORPORATION
114-15 Innovation Boulevard
Saskatoon, Saskatchewan S7N 2X8
Inquiry: 306-933-6295
President: Van Isman
Website: www.innovationplace.com

SASKATCHEWAN POWER CORPORATION
2025 Victoria Avenue
Regina, Saskatchewan S4P 0S1
Inquiry: 1-888-757-6937
President: M.J. (Mike) Marsh
Website: www.saskpower.com

SASKATCHEWAN TELECOMMUNICATIONS
2121 Saskatchewan Drive
Regina, Saskatchewan S4P 3Y2
Inquiry: 1-800-727-5835
President: Ron Styles
Website: www.sasktel.com

SASKATCHEWAN TRANSPORTATION COMPANY
1717 Saskatchewan Drive
Regina, Saskatchewan S4P 2E2
Inquiry: 306-787-3347
President: Shawn Grice
Website: www.stcbus.com

SASKATCHEWAN WATER CORPORATION
111 Fairford Street East
Moose Jaw, Saskatchewan S6H 1C8
Inquiry: 1-888-230-1111
President: Doug Matthies
Website: www.saskwater.com

SASKENERGY INCORPORATED
1777 Victoria Avenue
Regina, Saskatchewan S4P 4K5
Inquiry: 1-800-567-8899
President: Doug Kelln
Website: www.saskenergy.com

CIC

CROWN INVESTMENTS CORPORATION OF SASKATCHEWAN

400 - 2400 College Avenue, Regina, Saskatchewan, Canada S4P 1C8
Inquiries: 306-787-6851 Fax: 306-787-8125
www.cicorp.sk.ca